



Home shopping

Catalogue of
niche markets

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EC budgetmaster

Peter Schmidhuber:
still waters run deep

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"Mad cow" disease

Are human deaths a
coincidence?

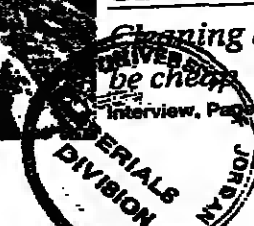
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UK's Mr Pollution

Cleaning up won't
be cheap

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FINANCIAL TIMES

TUESDAY AUGUST 17 1993

Continental to cut 2,500 jobs and drop loss-making routes

Continental Airlines, fifth-largest US carrier, is to cut 2,500 jobs and get rid of several unprofitable routes, including those to Australia and New Zealand, after posting disappointing results for the two months following its emergence from Chapter 11 bankruptcy protection. Chief financial officer Daniel Garton blamed the company's tepid performance on continuing weakness in ticket prices. "Our results were in line with the rest of the industry but were still not good enough," he said. Page 15

Salomon shares boosted: Shares in US securities house and energy group Salomon rose sharply on news that Warren Buffett, who masterminded Salomon's recovery from the effects of the 1991 Treasury auction scandal, is raising his stake to at least 15 per cent. Page 15

Saab Automobile: Swedish car group jointly owned by General Motors of the US and Saab-Scania, reported a second-quarter loss after financial items of \$5.1m (\$51.8m), a 17 per cent improvement on the same period last year. Page 16

Lebanon reviews troop deployment: Lebanese and Syrian leaders met in Damascus after Syria voiced concern over the Beirut government's plans to deploy troops in the south of the country, recently subjected to a week-long bombardment by Israel. Page 4

Coffee prices to rise: Africa's coffee producers, bowing to pressure from Latin America, agreed to withhold 30 per cent of their production to push up world prices. Page 22

South Africa may seek customs change: The Southern African Customs Union - most successful of the region's economic structures - meets today amid indications that South Africa, the senior partner, wants to change the terms of its participation. Page 6

Abbey sells estate agency: UK home loans and banking group Abbey National announced the sale of its 347-branch Cornerstone estate agency chain for less than one-tenth of the price per outlet paid by many buyers in the late 1990s. Page 16; Lex, Page 14

Grand Metropolitan: UK-based food, drinks and retailing group, is to establish a joint venture in India to produce and market liquor. Page 6

Iran's president suffers setback: Iranian president Ali Akbar Rafsanjani suffered a serious defeat when parliament rejected the re-appointment of finance minister Mohsen Nourbakhsh, who was to handle radical economic reforms. Page 4

Toys 'R' Us: US toy retailer, raised second quarter net earnings by 5.5 per cent to \$35.5m. Page 18

Paraguay's civilian leader takes over: Juan Carlos Wasmosy became Paraguay's first democratically-elected civilian president after Andrés Rodríguez surrendered power four years after toppling Gen Alfredo Stroessner. Page 3

Rights issue expected: Trading in the shares of Swedish bank Skandinaviska Enskilda Banken was heavy on expectations that the loss-making group will announce a rights issue and much improved results for the second quarter. Page 15

MBNA America Bank: is to establish a £43m (\$64m) European headquarters in Chester, England, which will create up to 800 jobs. It is the largest US investment in the UK for three years. Page 15

Retail sales growth continues: Retail sales in Britain rose in July for the seventh consecutive month, the Confederation of British Industry said. Page 7

US misses environment deadline: The US has missed its self-imposed deadline for producing a plan to curb emissions of "greenhouse" gases before the international global warming conference opened in Geneva yesterday. Page 3

Kenya robbers kill bus driver: Bandits hijacked a tourist bus near the Kenyan coastal resort of Malindi, killed the driver and drove the 50 passengers into the bush and robbed them.

Greek forests destroyed by fires: Police blamed arsonists for forest fires, fanned by strong winds, which destroyed tens of thousands of acres of pine forests throughout Greece.

Horses for courses: China has cracked down on the spread of golf courses and race courses as part of a campaign against frivolous real estate development. Page 14

STOCK MARKET INDICES			
FT-SE 100	3088.3	(-1.8)	
Yield	3.82		
FT-SE Eurotrack 100	1278.32	(+0.08)	
FT-AI All-Share	1496.35	(+0.09)	
Nikkei	20,901.49	(+156.32)	
New York Composite	3,388.21	(+19.56)	
Dow Jones Ind Ave	3,388.21	(+19.56)	
S&P Composite	453.19	(+3.05)	
E index	80.3	(80.0)	
US LUNCHTIME RATES			
Federal Funds	3 1/4%		
3-mo Treas Bills Yld	3.074%		
Long Bond	9.5%		
Yield	8.911%		
LONDON MONEY			
3-mo Interbank	5 1/8%	(5 1/4%)	
Libor 3m gtr future	5 1/8%	(5 1/4%)	
NORTH SEA OIL (August)			
Brent 15-day	\$17.05	(17.04)	
Gold			
New York Comex Dec	\$376.4	(375.9)	
London	\$373.75	(373.75)	

Australia	Sch30	Germany	DM2.30	Malta	LM0.80	S.Africa	R11.11
Bahrain	Dh1.20	Greece	Dr100	Morocco	Mh1.10	Singapore	S\$4.10
Belgium	Bfr66	Hungary	Hfl10	Nepal	Nr1.75	South Africa	R12.00
Bulgaria	Lev1.00	Ireland	Ir£1.00	Nigeria	Nn1.00	Spain	Ptas166.64
Canada	CD\$0.70	India	Rs40	Norway	Nkr16.00	South Korea	W\$100.00
Cyprus	C£1.00	Israel	Shs3.90	Oman	OmR1.00	Sweden	Skr1.00
Czech Rep	Cz\$1.00	Italy	Lira1,000	Philippines	PhP1.00	Switzerland	Sfr1.00
Denmark	Dkr1.00	Jordan	Jd1.00	Sri Lanka	Ls1.00	Taiwan	Nt\$1.00
Egypt	E£1.00	Kuwait	Kd1.00	Turkey	Tl1.00	Thailand	Bt\$1.00
Finland	Fmk1.00	Libya	Ld1.00	UAE	AED1.00		
France	Ffr100	Lux	Lfr1.00				

AT&T to buy McCaw for \$12.4bn

By Nikki Tait in New York

AMERICAN TELEPHONE & Telegraph announced plans yesterday for a full-scale merger with McCaw Cellular Communications in one of the US's biggest takeover deals, valued at \$12.4bn. The deal replaces an earlier scheme, announced in November, for AT&T to acquire a one-third interest in McCaw, based in Kirkland, Washington. The proposed merger would be the largest in a series of multi-billion dollar transactions which have occurred within the fast-evolving telecommunications sector recently - including a \$5.3bn

Largest US telecoms company to unite with biggest cellular telephone operator

tie-up between British Telecom and MCI, and US West's \$2.5bn investment in Time Warner Entertainment. The deal means that British Telecom, which had previously agreed to sell its 35.2m shares in McCaw - a 17 per cent stake - to AT&T for \$1.75bn, will now receive an equivalent number of shares in AT&T instead, valued yesterday at \$2.2bn. BT said it still intended to sell its stake when the deal is completed. In New York, AT&T and McCaw said that the merger

agreement was an "outgrowth of discussions" which they held in the wake of the proposed share stake arrangement. According to Mr Alex Mandl, chief executive of AT&T's communications services group, the companies came to recognise the drawbacks to partial ownership. "There was potential for not focusing in one direction, and a risk of not being fully effective in the marketplace," he said. Mr Robert Allen, chairman of AT&T, also claimed that the full merger would be "a better financial deal for AT&T".

He said: "If we were right strategically and added value to McCaw [under the share stake arrangement], we'd have to pay for it later." Nevertheless, McCaw - an entrepreneurial company which has grown quickly from humble beginnings over the past decade under its founder, Mr Craig McCaw - is currently loss-making, and carries long-term debt of \$4.9bn. As a result, AT&T expects to see earnings dilution of about 10 per cent in 1994, when the merger is likely to be completed.

BIGGEST US TAKEOVER DEALS*				
Bidder	Target	Value (\$)	Year	
1 Kohlberg Kravis Roberts	RJR Nabisco	24.6bn	1988	
2 Beecham Group	SmithKline Beecham	16.1bn	1989	
3 Chevron	Gulf	13.2bn	1984	
4 Philip Morris	Kraft	13.1bn	1986	
5 AT&T	McCaw Cellular	12.6bn	1993	
6 Bristol-Myers	Squibb	12.0bn	1989	
7 Time	Warner Communications	11.7bn	1989	
8 Texaco	Getty Oil	10.1bn	1984	
9 Du Pont	Conoco	8.0bn	1981	
10 British Petroleum	Standard Oil	7.9bn	1987	

*Nominal values, not adjusted for inflation. *Merger. *40% minority. Source: Mergers & Acquisitions

although it argues that there will be substantial enhancement in the long term. When the proposed share stake arrangement was announced in November, the partnership was immediately seen as putting AT&T in direct competition with

the regional Bell telephone companies for the first time since the Bell system was broken up by court order in 1984. Apart from McCaw, the rapidly growing wireless communica-

Continued on Page 14

Japanese business seeks aid to halt yen's rise

By Gordon Cramb in Tokyo and James Blitt in London

JAPANESE business leaders yesterday called on the country's new government to seek concerted international intervention to stop the yen's rise against the dollar. They fear the yen's strength is threatening hopes of economic recovery in Japan. The yen yesterday broke through ¥101 to the dollar for the first time in London trading. After closing in Tokyo at ¥101.25, the currency reached a new postwar high of ¥100.50 in European trading. It drifted back towards the close in London, finishing at ¥101.05, but there was speculation the currency would break through the ¥100 level this week.

Mr Gaiishi Hiraiwa, chairman of the Kaidanren, Japan's main business grouping, said the government should ask other economic powers to carry out concerted intervention in foreign exchange markets. Mr Hirohisa Fujii, who became finance minister in the coalition government formed last week, agreed that the rise was "too rapid" and said he was consulting with other leading nations.

Central banks from Japan's Group of Seven partners have shown no inclination to join the Bank of Japan in attempting to hold back the gains in the yen. The country's trade surplus is seen in the West as too high to warrant doing anything to assist Japanese export competitiveness.

But as Mr Tadashi Sekimoto, president of NEC, the electronics manufacturer, noted in a television interview last night, the long-lasting economic slowdown at home leaves industry few options but to pare costs where possible and redirect output to products sought abroad.

Industrialists were encouraged yesterday by an upward revision in industrial production data for June, although these came before the yen gained its latest head of steam. The seasonally adjusted rise in output from May was put at 1.9 per cent compared with an earlier estimate of 1.3 per cent. On an unadjusted basis output was down 4.6 per cent against June 1992, but better than the 5.1 per cent fall initially indicated.

The ratio of inventories to sales was 1.1 per cent lower month-on-month, against the original 1.2 per cent. The Ministry of International Trade and Industry said destocking was in its final stage but it was too early to regard the process as completed.

Depressed consumer demand was again evident in figures for July department store sales in the capital. These were down 9.5 per cent from a year earlier for a 17th successive fall.

Currencies, Page 30
Opportunity knocks for the Japanese, Page 13



US sailors jog among the jet fighters aboard aircraft carrier Theodore Roosevelt, on alert in the Adriatic sea for any Nato strike against the Bosnian Serbs. Talks resume with warning, Page 14

Rexrodt calls for lower coal subsidy

By Judy Dempsey in Berlin

MR Günter Rexrodt, Germany's economics minister, yesterday took aim at monopolies and highly subsidised industries such as coal by calling for faster privatisation and greater competition. He said no sector would be spared in his campaign for greater flexibility and competitiveness in the economy. A key element would be the reduction of subsidies in all sectors over the next five years and the privatisation of a broad range of state companies.

In a hard-hitting paper presented to his Free Democratic Party, the junior partner in the Bonn coalition, Mr Rexrodt said the politically sensitive coal industry should be included in the reforms. Direct federal subsidies to the western states, excluding federal tax concessions and soft loans, totalled DM13.5bn (\$7.8bn) in 1992, or 1.3 per cent of gross domestic product. Nearly half the subsidies have been earmarked for supporting agriculture and the coal industry, the latter accounting for 19 per cent of western Germany's total energy consumption. In 1990, coal mining subsidies amounted to DM80.50 per employee, or 1.5 times the average yearly income of a blue-collar worker.

A reform of the coal industry would be particularly welcomed by western German consumers. The sector's price structure was mapped out in a 1980 agreement between the coal and electricity industries. The agreement stipulated the amount of domestic coal the utilities undertook to burn for the remainder of the century.

But because of high production costs, the electricity companies pay about DM280 per ton, compared with world prices of DM50. To compensate for the high cost of coal, the electricity utilities collect the Kohlesteuern, a levy from the consumer. This explains why German electricity is among the most expensive in the European Community.

The FDP paper was jointly put forward with Mr Klaus Kinkel, the foreign minister and head of the party.

An FDP spokeswoman said Mr Rexrodt wanted to present the paper on creating more competition when parliament resumes after the summer recess.

By singling out reductions in subsidies and the faster privatisation or deregulation of the public sector, economists said that Mr Rexrodt was challenging structures which helped maintain high costs for the consumer, as well as wage levels.

Germany's capacity utilisation stabilises, Page 2

Germany urged ERM nations to delay rate cuts

By Peter Norman, Economics Editor, in London

GERMANY asked its European Community partners not to cut interest rates precipitately when the rules of the European exchange rate mechanism were changed this month, possibly explaining why interest rates in ERM countries have hardly fallen since the currency crisis.

According to details that emerged yesterday, Mr Hans Tietmeyer, the Bundesbank vice-president and president designate, made the request in the early hours of Monday, August 2 after the EC's finance ministers and central bank governors agreed to widen the ERM fluctuation margins to 15 per cent.

Mr Tietmeyer's request, which one European monetary official described yesterday as a recommendation to the ERM crisis meeting in Brussels, provides one reason for the failure of interest rates to fall rapidly among Germany's ERM partners from the high levels established to protect the "old ERM" with its 2.25 per cent and 6 per cent fluctuation margins from currency speculation.

With the exception of Spain, the ERM countries have shown no hurry to exploit the wider

fluctuation bands and cut short-term interest rates. Further details of the early August crisis meeting to emerge appeared to put an end to speculation that Germany and France

Page 2

☐ EC interest rates puzzle
☐ Franc dips as interest rates are kept up

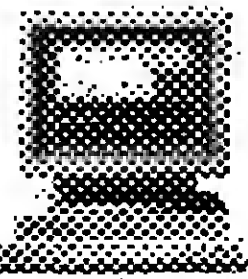
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might forge ahead with an economic and monetary union of ERM "core countries" ahead of the Maastricht treaty timetable which envisages European monetary union towards the end of this decade.

When a Portuguese delegate suggested that the two logical solutions to the ERM crisis were suspension of the system or immediate monetary union of the French franc and the D-Mark, Mr Gert Haller, the newly appointed state secretary in the German finance ministry, said he hoped the proposal of immediate Franco-German monetary union was meant "as a joke".

MORSE

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NEWS: EUROPE

Italian offer boosts Bosnia airlift effort

By Gillian Triggs

ITALY yesterday became the latest country to join the international scramble to evacuate the wounded war victims of Sarajevo when it offered to provide 454 hospital beds for the seriously injured patients - the largest offer to date.

But as the diplomatic wrangling continued over the airlifts, which some UN officials have criticised as a publicity stunt, the United Nations High Commissioner for Refugees (UNHCR) indicated that it now had more offers of beds than it had patients awaiting evacuation.

More than 700 beds have now been offered by more than a dozen governments in recent days, including Britain, Ireland, France, Jordan, Turkey, Finland, Kuwait and the US, following the emotional press coverage of the case of Irma Hadzimiratovic, a five-year-old mortar victim from Sarajevo.

Ms Sylvana Foa, spokeswoman for the UNHCR, yesterday welcomed the flood of offers, which she said marked a turnaround in attitudes after 16 months of indifference from western countries.

However, Mr Manuel de Almeida, UNHCR spokesman in Zagreb, stressed that more aid was needed across the former Yugoslavia.

Until last week, the UNHCR staff had only been identifying some 25 patients a week for evacuation from Sarajevo, Mr de Almeida said.

However, he pointed out that there are others lying injured at home in the city, which the UNHCR staff - who are already badly overstretched - have not



Bosnian President Alija Izetbegovic in Geneva yesterday

yet had the resources to identify.

Amid charges that the media - and humanitarian campaign - had focused too narrowly on Sarajevo, the UNHCR yesterday said that it hoped to extend the operation across Bosnia, although renewed fighting in central Bosnia was still making conditions dangerous.

Meanwhile, the British government yesterday came under fresh fire over its evacuation of 21 injured from Sarajevo on Sunday after the Swedish foreign minister claimed that the British government's questioning of the choice of victims had

delayed Sunday's airlift. British foreign office officials yesterday denied the allegation, and insisted that in spite of media allegations that some soldiers had bribed their way onto the airlift, the British government "had met all the objectives" of the operation.

In an effort to deflect the criticism, the British government claimed that it had been the largest single donor to the former Yugoslavia, having given £13m (\$19.5m) in aid in the last 14 months.

However, it admitted that it had no plans to conduct further airlifts at the moment.

Germany's capacity utilisation stabilises

By Christopher Parkes in Frankfurt

CAPACITY utilisation in western German industry has stabilised after more than two years of decline, the Munich-based Ifo economic research institute reported yesterday.

Manufacturing and mining equipment, excluding food and drink, was working at 78.3 per cent of capacity during June, barely changed from 78.6 per cent in March.

The average volume of outstanding orders, sufficient for 2.5 months, was also unchanged over the three-month period. The figures add weight to other recent evidence that the recession may have reached its low point.

However, most of the companies surveyed suggested utilisation rates would remain unsatisfactory at least for the next 12 months.

They are still well below the 10-year average rate of around 85 per cent, and the peak of almost 90 per cent recorded in the third quarter of 1990.

The Ifo survey showed that conditions in some important industrial sectors were continuing to deteriorate. Utilisation rates among investment goods makers were 75.7 per cent in June compared with 76.6 per cent three months earlier.

The figures for consumer non-durables makers also fell from 85.9 per cent to 84 per cent.

Why Germany pushed at an open door on monetary policy

EC interest rates puzzle

By Peter Norman, Economics Editor

THE reluctance of Germany's partners in the European exchange rate mechanism to cut their interest rates has caused considerable puzzle in the two weeks since currency speculation forced the ERM countries to adopt 15 per cent fluctuation margins.

Part of the answer appears to be that Germany specifically asked other ERM countries not to push interest rates down precipitately after agreeing the changes in the ERM at the August 1-2 crisis meeting of EC finance ministers and central bank governors in Brussels.

Hitherto unreported details of that meeting may also provide clues as to how European Community countries will frame their international monetary policies in the months ahead. In particular:

■ Britain, in the person of Mr Kenneth Clarke, the chancellor of the exchequer, spoke in favour of retaining the ERM, rather than seeing the European Community adopt a generalised floating of currencies.

■ Belgium came nearest to supporting exchange controls to combat speculation.

■ Germany appears to have ruled out any "fast track" monetary union with France ahead of the Maastricht Treaty scheduled for 1992.

According to European monetary officials, it was at the end of the bruising negotiations over the future of the

ERM that Mr Hans Tietmeyer, the Bundesbank vice-president and president-designate, "recommended" that other ERM countries should exercise caution in cutting interest rates once they had agreed to wider fluctuation bands.

Some of those present in the early hours of Monday August 2 expected the other members of the ERM would pay little attention to his call. The move

high for the time being to rebuild its currency reserves and maintain the prestige of Mr Edouard Balladur, the prime minister, who earlier had threatened to resign rather than see the franc devalued.

Germany may also have benefited from its display of strength in the early August crisis meeting, which came close to collapse when it was proposed that the D-Mark and

Bonn received support for its policy during the ERM crisis from an unlikely quarter, the UK chancellor Kenneth Clarke, who opposed a generalised floating of currencies

appeared designed to shield the Bundesbank from pressure to cut its own rates sharply and so undermine its counter-inflation programme.

But it turned out that Germany was pushing on an open door. Except for Spain, all the ERM countries have proved reluctant to cut their interest rates. France, which earlier this year had been anxious to push short-term rates below German levels, has responded with only two small cuts in the past two weeks.

The decision to keep the Dutch guilder within its old 2.25 per cent fluctuation margins against the D-Mark seems to have dissuaded other ERM countries from embarking on competitive devaluation within the ERM.

France appears also to have opted to keep interest rates

guider should be floated off from the rest of the ERM.

Belgium insisted that it should stay within the old 2.25 per cent band against the D-Mark. It proposed that the Belgian franc should be supported by large-scale intervention and through the imposition of 100 per cent minimum reserve requirements to deter speculation. This suggestion, which would be equivalent to the imposition of exchange controls, was rejected by the other countries with the result that the meeting began to consider the option of a generalised float for the ERM currencies.

Some officials believe that at this point the German delegation came under intense pressure from the office of Mr Helmut Kohl, the German chancellor, not to accept a

generalised floating. Bonn received support from an unlikely quarter.

Mr Kenneth Clarke, the UK chancellor, who had played a very small part in the talks, sided with Mr Helmut Kohl, the German chancellor, in opposing a generalised floating of currencies. He said that a generalised float was a bad solution. Shortly after this, the meeting agreed to 15 per cent fluctuation margins.

Although the UK had not participated in the ERM since the previous September, Mr Clarke was unwilling to see a free-for-all among European currencies that would undermine the competitiveness of UK exports to the rest of the EC. The UK also took the view that a generalised float would jeopardise the EC single market and threaten the monetary arrangements under the common agricultural policy while the existence of the ERM had eased the management of sterling as a floating currency over the previous 10 months.

Mr Clarke's stance may earn him little support among the Eurosceptics of the British Conservative party.

But they can probably take comfort from Germany's clear rejection of a "fast track" move towards a monetary union with France.

When this idea was put forward by a Portuguese delegate as one way out of the crisis, it was dismissed as a "joke" by Mr Carl Haller, the state secretary in the Bonn Finance Ministry.

Tensions hamper Greek investment in Albania

By Kerin Hope

OUTSIDE the Gjirokastra tannery in southern Albania's north Epirus region, local farmers are disputing the offering price for sheep hides. Inside, Greek technicians are installing an automated production line for making shoes.

Mr Spiros Lili, the deputy manager, says a year-long delay in starting up the Dr2.5bn (\$10m) joint venture between a leading Greek leather manufacturer and the Albanian state, the country's largest single foreign investment to date, is due more to bureaucracy than to political tensions between Greece and Albania.

"It took months to work out an exemption from the 30 per cent import tax on new machinery, on the grounds that we'll be exporting most of our output," he said. "But we demonstrated our commitment to the project by paying the workforce during that time."

Close to the tannery, three joint ventures making clothes for export occupy what was a state-owned textile factory. The 1,200 workers employed there earn \$60 a month, double the average Albanian wage but

only a fraction of that in Greece.

"Our Irish partner provided the sewing machines, the Greek partner sends ready-cut fabric for sewing and the French partner organises the marketing," said Mr Konstantin Caro of Gjirokastra, the largest manufacturer.

Still, the revived dispute between the Greek and Albanian governments over the region, where much of the population is of ethnic Greek descent, is damaging its chances of leading Albania out of dire poverty with a steady flow of Greek investment.

Albania's expulsion last month of a Greek priest accused of promoting nationalism provoked violent demonstrations in Gjirokastra. Greece responded by deporting more than 30,000 of an estimated 200,000 Albanian immigrants who mainly work in the flourishing black economy.

Albanian fears that Greece still covets the region, where Greek troops set up a short-lived protectorate in 1914, have been reinforced, reflecting both the emergence of a strong nationalist faction in Greece's governing conservative party and concern that the war in

Bosnia may spread to the southern Balkans.

Such anxieties were heightened when Mr Constantine Mitsotakis, the Greek prime minister, recently raised the issue of autonomy for north Epirus within Albania.

The Greeks worry that the Albanian government, growing authoritarian, will step up discrimination against the ethnic Greek minority. Its leaders have already claimed they face obstacles in getting permission for Greek to be taught in schools, as well as in bidding for property and businesses being sold under Albania's privatisation programme.

"Greek businessmen are definitely more hesitant about investing in southern Albania because of the worsened political climate," says Mr Yiannis Tzan, who is in charge of the Greek Economy Ministry's programme for investing there.

About 70 Greek-Albanian joint ventures have been set up since Greece's investment incentives law was extended last year to include southern Albania, creating about 12,000 jobs there, according to the ministry. So far this year, the government has provided \$1.1bn in grants for 35 projects.



Russian travellers sleeping on a railway platform in northern Bulgaria after being stranded by a six-day train strike in Romania

ROMANIAN PRESIDENT IN TALKS TO END RAIL STRIKE

MR Ion Iliescu, Romania's president, last night began talks with trade union officials and the SNCF, the state railways, in an attempt to break the deadlock in the country's rail strike which began a week ago, writes Virginia Marsh in Bucharest.

Opposition parties asked the president to mediate between the two sides, warning of the grave dangers the conflict posed to an already tense country.

The all-out strike, considered Romania's most serious post-communist labour conflict, has blocked all main railway stations, as well as international traffic, through the Balkans. Among the few services running yesterday were a handful of

trains bringing children back from their summer holidays.

Government officials also met to analyse the effects of the strike and consider emergency action after state enterprises, including two large steel mills, said they had begun to run short of raw materials.

Franc dips amid market suspicions

By John Riddling in Paris

THE French franc remained weak on foreign exchange markets yesterday, amid market fears that the Bank of France would keep interest rates high and that the French government was considering imposing limits on capital movements.

The franc fell almost a cent against the D-Mark to close at FF73.5440.

It has now lost more than 10 centimes against the German currency since the franc was effectively floated at the beginning of the month following the crisis in the European exchange rate mechanism.

Most currency analysts said they expected the franc would fall to about FF73.60 to the D-Mark over coming weeks as the Bank of France maintained high interest rates to help rebuild its reserves.

"The markets are impatient for interest rate cuts," said one economist in London. "They believe that maintaining high borrowing rates will prolong the recession in France." Investors also expressed anxiety about hints from Paris that it wants to impose capital controls as a means of protecting the franc.

Last week Mr Edouard Balladur, the prime minister, said France would not tolerate a situation where speculation could threaten economic security and that he was considering ways to curb speculation.

Economists stressed the difficulties involved in such a move. "It is unlikely at the unilateral level and it would be hard to get agreement at an EC level for such a move," said Mr Jean-François Mercier, economist at Salomon Brothers. He argues that limits on capital movements would drive capital from France, weakening the franc and putting upward pressure on interest rates.

Slovakia minority alters line of protest

ETHNIC Hungarians in southern Slovakia, who blocked traffic last week in protest over a ban on bilingual road signs, erected signs on Monday with large question marks replacing the name of their village, Reuters reports from Bratislava.

Villagers in Marcelova replaced signs bearing the Hungarian name, Marcelhaza, with signs featuring giant question marks "as another form of protest", Mr Laszlo Soky, the Marcelova mayor, said.

The dispute is the latest in a string of minority rights squabbles between Slovakia's ethnic Hungarians, numbering about 600,000, and the Slovak government.

The villagers are angry at a government order giving towns until the end of July to take down bilingual road signs.

Mr Soky said the question marks would remain until parliament reconvened in September and debated the issue.

Last month, the Slovak cabinet approved a bill legalising the official use of Hungarian first and family names.

Kiev moves to resolve its nuclear limbo

Fears grow that Ukraine will soon be able to fire the weapons on its territory, writes Chrystia Freeland

THE US and other western countries are watching Ukraine anxiously to see whether Russia's sister Slav state will soon be a formidable nuclear power.

Ukraine inherits a sort of nuclear limbo. Such a large chunk of the former Soviet nuclear arsenal - 1,656 nuclear warheads - is stationed on Ukrainian territory that if Kiev were to develop operational control over all of them it would be the third most powerful nuclear nation behind the US and Russia.

Western fears - and Russian ones - grew last month, when the Ukrainian parliament declared that independent Ukraine owned all the nuclear weapons stationed on its territory.

However, as General Pavel Grachev, the Russian minister of defence pointed out last week, all nuclear weapons stationed in Ukraine are under the operational control of Russia.

The question troubling western foreign ministries is: should Ukraine want "operational control" over those weapons (meaning the ability to fire them), how easy would it be for Kiev to develop it?

The Ukrainian parliament has hesitated over ratifying international disarmament treaties which would commit Ukraine to becoming a non-

nuclear state. President Leonid Kravchuk has said that he favours a compromise agreement in which Ukraine would pledge eventually to become a non-nuclear power but would temporarily keep some Inter-Continental Ballistic Missiles on its territory.

"The Ukrainians are hedging their bets on the nuclear question because they want some time in which they can keep their eyes on the Russians," says Mr Bruce Blair, a senior fellow at the Brookings Institution and one of the leading American experts on Soviet nuclear weapons.

Ukrainian scientists, engineers and military men played a crucial role in the building of the former Soviet Union's vast nuclear arsenal, and according to Mr Blair, there is no doubt that if they put their minds to it, they could develop independent nuclear capability.

Mr Markian Bilimsky, a British academic working at a Ukrainian research institute, goes further. "The Ukrainians are moving closer to obtaining operational control. I cannot believe that there is not some institute in Ukraine which is working on breaking the codes for the missiles," he says.

This spring, American and Russian intelligence sources leaked their fears that Ukraine had begun to try to develop control over the 1,656 strategic



nuclear weapons currently under Russian control, but located on Ukrainian territory. Their worries centred on the factory in the eastern Ukrainian city of Kharkov.

This closely guarded enterprise, which officially bears the innocuous title T.S. Shevchenko Factory in honour of Ukraine's national poet, is one of only two plants in the former Soviet Union which manufactured blocking devices for ICBMs.

Ukraine has a legitimate reason for building blocking devices of its own: Moscow's breach of its promise to provide Kiev with technical "nega-

tive control" - the physical ability to veto the use of the nuclear weapons on its territory.

However, as Mr Blair explained in testimony before a Senate committee, "the devices unfortunately do more than just block unauthorised launches; they are also integral to the launch process. If Ukraine replaced the current devices with their own they would be able to activate the flight plans on the missiles and fire them."

However, any tampering with the weapons would be immediately detected by Moscow. Russian Strategic

Rocket Force commanders could then respond in a number of ways, ranging from employing various built-in safety devices which would temporarily deactivate the missiles, to a pre-emptive military strike.

The missiles most suited to Ukraine's defence needs are the 130 SS-19s stationed in Ukraine. The SS-19s have been routinely tested at a little more than 600 miles, their minimum distance, and, as it happens, the distance between Ukrainian airfields and Moscow.

Moreover, as Mr Yakov Eisenberg, director of the Kharkov weapons systems factory in eastern Ukraine proudly confirms, the guidance system for the SS-19s were entirely designed and are maintained by his scientists.

However, acquiring control over the SS-19s could be of dubious value for Ukraine because 18 months ago Russia stopped maintaining the tritium in their warheads. Mr Blair reckons that some of the missiles could be as much as three years overdue for maintenance and, consequently, might not go off if they were fired.

In addition to the SS-19s, there are 46 SS-24s located on Ukrainian territory. However, controlling the SS-24s, whose shortest range in test history is 1,700 miles, would not enable

Ukraine to threaten European Russia, which Ukraine perceives as the source of its most serious security threat.

Ukraine also possesses 30 strategic bombers, stationed at the Dnipro air-base, just south of Kiev, and believed to carry a total of 616 bombs, including cruise missiles. Western diplomats in the former Soviet Union think these bombers, more modest in their capacity to wreak mass destruction, could represent Ukraine's quickest and most effective route to nuclear capability.

In contrast with the ICBMs, which, despite the Ukrainian ministry of defence's best efforts, are still guarded by soldiers loyal to Moscow, the bomber pilots publicly took an oath of allegiance to Kiev early in Ukraine's drive for independence.

However, as Mr Blair points out, the bombs are stored separately from the bombers and he believes that the officers commanding that base, though not the soldiers, are still loyal to Moscow.

In a guarded room, in one of Kharkov's sophisticated design bureaus, Ukrainian scientists may well be investigating these technical avenues. But whether they succeed, the skills will be determined by the Ukrainian government and its anxious relationship with Russia.

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President defends plan for employer-funded insurance

Clinton comes out fighting on healthcare

By George Graham
in Washington

PRESIDENT Bill Clinton yesterday started his campaign for sweeping reform of the US healthcare system with a strong defence of the need for employers to provide health insurance for workers.

Mr Clinton told a meeting of state governors that a mandate stipulating employers provide insurance was the only fair way of making sure everyone received medical coverage.

The employer mandate is expected to be one of the most controversial elements in the healthcare debate. It is hotly opposed by small businesses and by many Republicans, who believe it will force companies to lay off workers to avoid additional cost.

Although the health reform plan will not be formally presented until next month, Mr Clinton outlined a number of principles.

The plan must provide medical security not only to those who now have no insurance, but also to those who are afraid of losing coverage. It should build on the "managed care" concept, maintaining the private-sector health insurance industry but setting up alliances in each state to negotiate for cheaper healthcare and providing new incentives for preventive medicine.

Mr Clinton also backed insurance reform, massive cuts in paperwork, increases in medical research budgets and an effort to include the workers' compensation system, which covers job-related injuries and illnesses.

One significant proposal

would be for the cost of health insurance policies for the self-employed to be 100 per cent tax deductible, instead of 25 per cent as at present.

But Mr Clinton's strongest appeal was over the employer mandate.

A single, government system, similar to Canada's, was impractical as it would involve replacing \$500bn (£335bn) in health insurance premiums with nearly as much in new taxes, besides dislocating the health insurance industry.

An individual mandate, in which everyone would be required to purchase his or her own insurance coverage, ran the risk of employers stopping insurance for their workers. Simply reforming the healthcare system and trusting that everybody would then buy insurance would not solve the cost-shifting problem.

Mr Clinton promised an employer mandate would be phased in over a long period and accompanied by limits on the premiums small businesses would pay.

He warned it would not be easy to win passage for healthcare reform legislation, and criticised the politics of Washington.

"Back east, where I work, consensus is often turned into cave-in. People who try to work together and listen to one another, instead of beat each other up, are accused of being weak, not strong," Mr Clinton complained.

"The people that really score are the people that lay one good lick on you in the newspaper every day instead of the people that get up and go to work."



President Juan Carlos Wasmosy after his inauguration

Paraguay keeps links with past

By John Barham
in Buenos Aires

MR Juan Carlos Wasmosy became Paraguay's first-ever democratically elected civilian president on Sunday, when outgoing President Andrés Rodríguez surrendered power as scheduled four years after toppling Gen Alfredo Stroessner in a bloody coup.

But Mr Wasmosy, a politically inexperienced construction millionaire, promised no sudden break with the country's past, overshadowed for 35 years by Gen Stroessner.

In his inauguration speech, Mr Wasmosy called for "dialogue, tolerance and unity" and promised to continue the previous government's policies of political and economic liberalisation.

Mr Wasmosy, 54, named a 10-member cabinet of politicians and bureaucrats who served first under Gen Stroessner and then under Mr Rodríguez. Dur-

ing his four-year term as president, Mr Rodríguez is credited with bringing unbridled democratic freedoms to Paraguay while reforming its closed and backward economy.

Mr Wasmosy's narrow election victory in May, when he won 40 per cent of the votes, ensures that the dominant Colorado party maintains its 60-year grip on power, but it no longer holds exclusive control over government. Two opposition parties now dominate Congress, forcing Mr Wasmosy to begin negotiations with political leaders on a "governability pact".

At the same time, the new president needs to preserve good relations with the armed forces, which retain great political influence in Paraguay. He is not expected to investigate aggressively corruption scandals involving top army officers that came to light during the final year of Gen Rodríguez's government.

Blue-eyed sheikhs get used to life without oil wealth

Albertans no longer have savings for a rainy day, writes Bernard Simon

ALBERTA'S 2.5m residents were led to believe for almost two decades that their oil and gas wealth provided a cushion against hard times.

When energy prices soared in the mid-1970s, the Canadian prairie province decided to squirrel away 15 per cent of its oil and gas royalties in a newly-created Heritage Savings Trust Fund. By the early 1980s, the fund had amassed assets of over \$12bn (£8.2bn), and was investing in income-producing ventures as well as improvements to the province's infrastructure.

But Albertans, once labelled the blue-eyed sheikhs, have discovered lately that oil and gas cannot protect them from free-spending politicians or the realities of the business cycle.

Having posted a budget deficit for eight years in a row, the province has run up an accumulated debt of more than \$31bn (including unfunded pension liabilities).

A non-partisan commission, appointed by the government to examine Alberta's fiscal hangover, concluded earlier this year that "we have effectively used up all the savings of the Heritage Fund and more... These funds are no longer available for a rainy day." Such sober assessments have led Albertans to take a new look both at their past and their future. They are questioning, as seldom before, whether they could have spent their oil wealth more wisely.

At the same time, a new provincial government led by Mr Ralph Klein, a former TV reporter and mayor of Calgary, has promised a new era of rigorous fiscal discipline.

The treasurer, Mr Jim Dinning, said in this year's budget speech that "optimistic oil and gas revenue forecasts have no place in the budgetary exercise. In future, we'd rather err on the other side." The latest budget is predicated on average energy revenues over the past five years.

Mr Gerry Protti, president of the Canadian Association of Petroleum Producers in Calgary, estimates that royalties, income taxes and other levies paid by the energy industry

make up at least 40 per cent of provincial government revenues.

Oil and gas have brought indisputable benefits to Alberta. Alone among Canada's 10 provinces, it has no retail sales tax. Personal income tax rates are the lowest in the country.

Mr Peter Lougheed, the provincial premier from 1971 to 1985, says that his policy was to spend heavily on capital pro-

"Each little department of government was a fiefdom which did its own thing," says Mr George Cornish, retired city commissioner of Calgary who is now executive-in-residence at the local university's faculty of management.

In the second half of the 1980s, the emphasis shifted to diversification. Japanese and other investors built several wood-pulp mills with support from provincial coffers. A US-

to realise its investment in Gainers, a troubled meat processing company. A heavy oil upgrader on the Saskatchewan border, which was built with almost \$300m of taxpayers' money, is also in the red.

This poor fiscal management was largely blamed on the patronage, cronyism and lack of co-ordination which flourished under Mr Donald Getty, who succeeded Mr Lougheed as premier.

Mr Getty quit politics earlier this year. His successor, Mr Klein, has served notice that Albertans can no longer expect their government to keep spending in the hope that energy prices will climb.

A Deficit Elimination Act, passed last spring, requires that the budget be balanced again within four years. The government has promised that, in the words of a budget document, "there will be no loopholes".

The oil-boom largesse is being scaled back. The provincial health department is considering closing several of the hospitals built in the good years. Mr Klein has promised to end direct subsidies to business. In one small but controversial move, the government has stopped paying daily allowances to prisoners in provincial jails.

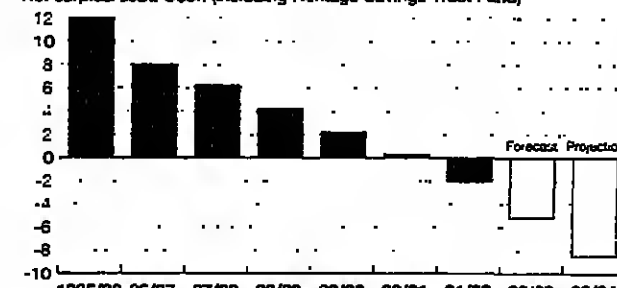
Mr Protti says the mood among oil and gas producers has also changed. The industry is "no longer a high-flying play based on commodity prices. Today, the attitude is very much that if you can't make money at \$18 a barrel, you had better make the changes required to make money, otherwise you're going out of business."

Even the Heritage Fund is not expected to survive the new climate of austerity. The fund stopped growing a decade ago when its investment income was funnelled into general revenues. The book value of its assets is now less than half the size of the provincial debt.

The Financial Review Commission proposed that the fund be abolished as a separate entity. After a period of public consultation, the government is expected to concur.

Province of Alberta

Net surplus/debt, C\$bn (including Heritage Savings Trust Fund)



Source: Alberta Financial Review Commission

MODEST US GROWTH

THE US economy is growing at a modest pace, figures indicated yesterday, writes Michael Prowse in Washington. The Federal Reserve said industrial production rose 0.4 per cent last month and 3.5 per cent in the year to July, more than enough to offset declines in output in May and June.

The figures -- consistent with forecasts of accelerated economic growth in the current quarter, after a disappointing 1.6 per cent annual growth rate between April and June -- indicate that factory production is beginning to expand in response to rising consumer demand.

Last month's rebound was

broadly based and would have been stronger but for a further modest decline in car and truck output. The consumer goods, business equipment and construction sectors all registered production increases after previous declines.

Manufacturing output rose by 0.2 per cent last month and by 3.8 per cent in the year to July.

The level of industrial capacity utilisation rose slightly to 81.5 per cent, the average level in the first half. This is less than half a percentage point below the long-term average, suggesting that rapid increases in production would put upward pressure on prices.

Greenhouse gas deadline missed

By George Graham in Washington and Frances Williams in Geneva

THE US administration has missed its self-imposed deadline for producing a plan to curb emissions of gases that contribute to global warming.

Instead of completing the plan in time for the two-week international global warming conference which began in Geneva yesterday, White House officials acknowledged they would probably not be ready before the end of next month.

The delay means the US has missed an opportunity to provide leadership on the issue at the intergovernmental meeting, and has drawn criticism from some environmental groups.

"Continued delay of the US climate action plan will send the wrong message to the world," said Mr Bill Eichbaum, of the Worldwide Fund for Nature.

Under the climate change convention agreed at the Earth Summit in Rio de Janeiro last year, countries will be required to come up with action plans to restrain their emissions of warming gases -- principally carbon dioxide, chlorofluoro-

carbons, methane and nitrous oxides -- by the year 2000.

The US is the world's largest source of greenhouse gases, with an estimated 5.2bn tons emitted in 1990. Emissions are projected to grow by 125m to 200m tons this decade.

The task of devising a plan to curb US emissions has been complicated by the Clinton administration's failure to persuade Congress to agree a significant energy tax.

Issues for discussion at the Geneva meeting include a common measurement standard and how to account for joint projects by two or more countries. Officials will also discuss "joint implementation" -- the extent to which a country can claim credit against its own emissions target for financing projects in another country which can achieve the same overall effect more cheaply.

Funding for developing country projects is another contentious issue. While up to \$4bn (23.6bn) may be available over the next three years through the Global Environment Facility run jointly by the UN and the World Bank, it has yet to be decided which countries should benefit and what types of project should qualify.

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF FIFTH PREFERENCE SHARES IN ADT LIMITED. WHEN CONSIDERING WHAT ACTION TO TAKE, SHAREHOLDERS ARE RECOMMENDED TO SEEK ADVICE FROM AN INDEPENDENT FINANCIAL ADVISER.

Notice of Redemption to the holders of the Exchangeable Cumulative Redeemable Preference Shares 2005 of U.S. \$1 each in ADT Limited (the "Company")

exchangeable for ordinary shares in BAA plc
Exchange Right Expires: September 21, 1993
Redemption Date: September 30, 1993

NOTICE IS HEREBY GIVEN to the holders of the Exchangeable Cumulative Redeemable Preference Shares 2005 of U.S. \$1 each in the Company ("Fifth Preference Shares") that all the Fifth Preference Shares will be redeemed on September 30, 1993 (the "Redemption Date"). This notice is given under paragraph (6)(v)(c) of the schedule to the Bye-Laws of the Company.

The Company is entitled to exercise its right under the Bye-Laws to redeem all the Fifth Preference Shares early since over 90 per cent of the aggregate of the capital and premium paid up on the issue of the Fifth Preference Shares (the "Issue Amount") has already been exchanged into ordinary shares of 25p each in BAA plc ("BAA Shares").

In accordance with the Bye-Laws, the price at which each Fifth Preference Share will be redeemed will be £10.00 being the Issue Amount of the Fifth Preference Shares. Holders of Fifth Preference Shares will also receive a sum equal to any accruals of the fixed dividend on their Fifth Preference Shares calculated down to (but excluding) the Redemption Date.

The Fifth Preference Shares are currently exchangeable at the option of the holders into 2,368 BAA Shares (the "Exchange Property"). In accordance with the normal procedure the right of exchange attaching to a Fifth Preference Share may be exercised by the holder delivering the certificate for the Fifth Preference Share, accompanied by a duly completed and signed exchange notice and payment of all taxes and stamp, issue and registration duties (if any) arising on exchange in any jurisdiction other than capital or stamp duties payable in Bermuda (if any) to the exchange agent, Bankers Trust Luxembourg S.A., P.O. Box 807, 14 Boulevard F.D. Roosevelt, L-2450 Luxembourg or to its agent, Credit Suisse, Paradeplatz 8, CH-8001 Zurich, Switzerland. All capital or stamp duties payable in Bermuda (if any) in respect of the exercise of the exchange right and/or on delivery of the BAA Shares comprising the Exchange Property to the Fifth Preference Shareholder will be paid by the Company.

Subject to the provisions of the Bye-Laws, the Company will deliver the relevant transfer forms and/or certificates for the BAA Shares comprising the Exchange Property to the Fifth Preference Shareholder within 21 days after the business day following the date of delivery of the certificates and exchange notice. Certificates representing all Fifth Preference Shares so exchanged will be cancelled.

The Fifth Preference Shares so exchanged carry the right to the fixed preferential dividend on such shares in respect of all periods up to and including the end of the six month period ending on July 31, 1993 but not in respect of any subsequent period.

Holders of Fifth Preference Shares who wish to exchange their Fifth Preference Shares into BAA Shares should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person wishing to exchange Fifth Preference Shares for BAA Shares to satisfy himself as to the full observance of the laws of the relevant territory in connection with the exchange, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities. In particular, the BAA Shares deliverable on exchange will not be registered under the United States Securities Act of 1933, as amended (the "Act").

Accordingly, the Company will not authorise the delivery of any BAA Shares or any document(s) of title in respect thereof in the USA or to any person who is, or whom the Company has reason to believe is, a U.S. person or who fails to make a declaration in the exchange notice referred to above to the effect that he is not a U.S. person and will not hold or acquire any of the BAA Shares obtained on exchange for the account or benefit of a U.S. person or with a view to the offer, sale or delivery, directly or indirectly, of any BAA Shares obtained on exchange in the USA or to U.S. persons.

In this notice, "USA" means the United States of America, its possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof; and "U.S. person" means any person who is a national or resident of the USA (including corporations, partnerships or other entities created or organised in the USA or any estate or trust that is subject to United States federal income taxation regardless of the source of its income).

The right to exchange Fifth Preference Shares for BAA Shares will end at the close of business at the place where the certificate for the relevant Fifth Preference Share is deposited on September 21, 1993, being the seventh business day before the Redemption Date.

All Fifth Preference Shares in respect of which no effective exchange notice (together with the relevant certificates and payment) has been delivered by close of business at the place where the certificate for the relevant Fifth Preference Share is deposited on September 21, 1993 will be redeemed on the Redemption Date. In accordance with the Bye-Laws of the Company, on the Redemption Date each Fifth Preference Shareholder is bound to deliver the certificates for all such Fifth Preference Shares held by him to the Registrars of the Company specified below.

BY ORDER OF THE BOARD
J.D. Campbell
Secretary
Registrars: The Bank of Butterfield Executor & Trustee Company Limited,
P.O. Box HM 1540, Hamilton HM FX, Bermuda

August 15, 1993

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THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF IDR- FOR FIFTH PREFERENCE SHARES IN ADT LIMITED. WHEN CONSIDERING WHAT ACTION TO TAKE, HOLDERS OF IDRs ARE RECOMMENDED TO SEEK ADVICE FROM AN INDEPENDENT FINANCIAL ADVISER.

Notice of Redemption to the holders of International Depositary Receipts ("IDRs") for the Exchangeable Cumulative Redeemable Preference Shares 2005 of U.S. \$1 each in ADT Limited (the "Company")

exchangeable for ordinary shares in BAA plc

NOTICE IS HEREBY GIVEN that the Company is calling for redemption of all the Exchangeable Cumulative Redeemable Preference Shares 2005 of U.S. \$1 each in the Company ("Fifth Preference Shares") on September 30, 1993 (the "Redemption Date").

The attention of holders of IDRs is drawn to the notice of redemption from the Company set out opposite which contains details of the Company's right to call the Fifth Preference Shares for early redemption under its Bye-Laws and of the terms of redemption.

The notice of redemption from the Company also contains details of the right to exchange the Fifth Preference Shares for ordinary shares of 25p each in BAA plc ("BAA Shares"). The right to exchange the Fifth Preference Shares will terminate at the close of business at the place where the certificate for the relevant Fifth Preference Share is deposited in accordance with the exchange procedures on September 21, 1993, being the seventh business day before the Redemption Date.

Under condition 7 of the IDRs, any IDR holder may request Bankers Trust Luxembourg S.A. (the "Depository") to arrange the exchange of the Fifth Preference Shares evidenced by his IDRs for BAA Shares. This right of exchange attaching to IDRs may be exercised by the holder delivering his IDRs (s) together with all unattached coupons, accompanied by a duly executed direction and payment and other documentation required in accordance with condition 7 of the IDRs, at the office of the Depository or Credit Suisse (the "Agent") specified below, on or before close of business (local time) on September 20, 1993. Forms of direction are available on request from the Depository and the Agent at their addresses set out below.

No payment or adjustment will be made on exchange for distributions of income accrued in relation to any IDR since July 31, 1993. Each IDR surrendered for exchange must have attached all unattached coupons. In default the Depository or the Agent (as the case may be) will require payment of the face value of any of the coupons not so surrendered. IDRs and unattached coupons delivered to the Depository or the Agent will be cancelled.

Subject to all applicable laws and regulations, the relevant transfer forms and/or certificates in respect of the BAA Shares deliverable on exchange will be delivered to holders of IDRs in accordance with the instructions contained in the directions delivered to the Depository or the Agent.

The attention of holders of IDRs is drawn in particular to the paragraphs of the notice of redemption from the Company set out opposite which concern legal requirements applicable where Fifth Preference Shares are to be exchanged for BAA Shares. Holders of IDRs who wish to exercise the exchange right attaching to their IDRs should inform themselves about and observe any applicable legal requirements. It is the responsibility of those holders of IDRs to satisfy themselves as to the full observance of the laws referred to in those paragraphs of the notice of redemption from the Company. Holders of IDRs wishing to exercise the exchange right attaching to their IDRs will be required to make, in the direction referred to above, the declaration described in the notice of redemption from the Company.

If any holder of IDR(s) wishes to accept redemption at the redemption price specified in the notice of redemption from the Company (together with accrued dividends) he should surrender his IDR(s) together with a duly executed payment order at the office of the Depository or the Agent specified below, at any time on or after the date of this notice. Each IDR surrendered for redemption must have attached all unattached coupons. In default the face value of any missing unattached coupon will be deducted from the sum due for payment. Forms of payment order are available on request from the Depository and the Agent at their addresses set out below. IDRs and unattached coupons delivered to the Depository or the Agent will be cancelled.

If a holder of IDR(s) fails either to make an effective election to exchange on or before close of business on September 20, 1993 or to accept redemption in accordance with the instructions in this notice on or before September 29, 1993, the Company will redeem the Fifth Preference Shares relative to his IDR(s) on the Redemption Date and the redemption monies will be paid to and held by the Depository pending receipt from the IDR holder of a duly executed payment order together with his IDR(s) and all unattached coupons thereon.

In order to enable payments to be made in an orderly manner, the Depository is suspending the withdrawal of Deposited Property (as defined in the IDRs) from the date of this notice up to, and including, the Redemption Date, under condition 3 of the IDRs.

The attention of holders of IDRs is drawn to the conditions endorsed on the IDRs and in particular to conditions 3 and 7 which contain further details about cash distributions and exchanges.

Depository
Bankers Trust Luxembourg S.A.,
P.O. Box 807,
14 Boulevard F.D. Roosevelt,
L-2450 Luxembourg

Agent
Credit Suisse,
Paradeplatz 8,
CH-8001 Zurich,
Switzerland

Bankers Trust Luxembourg S.A.
August 17, 1993

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Iranian MPs crack whip at Rafsanjani

By Parichehr Mostafaei

PRESIDENT Ali Akbar Rafsanjani of Iran suffered the first serious defeat of his career yesterday, when the Majlis (parliament) rejected the re-appointment of Mr Mohsen Nourbakhsh, the economy and finance minister, who had been entrusted to push through radical economic reforms.

However, Mr Rafsanjani immediately appointed Mr Nourbakhsh vice-president for economic affairs, stressing in a decree read on television his "valuable experience in reforming the economic system and continuity of restructuring policies".

With earlier praise of Mr Nourbakhsh, who many blame for the continued decline in the economy, the president made it clear during the episode that debate that his rejection would be a vote of no confidence in the administration.

The present Majlis was elected on a ticket of economic reform to reverse the damage done by the eight-year war with Iraq.

The new cabinet, first announced by Mr Rafsanjani nine days ago, was from the start an exercise in compromise, mainly in response to pressure from Ayatollah Khomeini, the country's spiritual leader, and to opposition from the right-wing members of the Majlis.

Part of the paralysis in Iran since the death of Ayatollah Khomeini has been because of the existence of too many power bases. President Rafsanjani spent much of the last four years trying to consolidate his own authority.

The election of a more moderate Majlis last year was to have been the last step, making it a two-sided power struggle between Mr Rafsanjani and the spiritual leadership. Yesterday, however, it appeared to have become a three-way game.

The survival of Mr Gholamreza Azadeh, the oil minister, who received the lowest vote of the 22 ministers endorsed by the Majlis, may have come as a small consolation to Mr Rafsanjani. However, few leading Iranians have great regard for Mr Azadeh who has presided over a ministry that is considered moribund.

The rejection of Mr Nourbakhsh is a clear signal to the president that he has done too little too late, and can no longer rely on the men he brought

into the Majlis in last year's elections. His failure to revitalise a jaded cabinet team may have cost him the support he so badly needs to carry through his ambitious programme of reforms.

The religious establishment, led by Ayatollah Khomeini, still blames the pace of change for the riots in five large Iranian cities a year ago. The removal of two hardliners, Hojatolislam Abdullah Nouri, the interior minister, and Mostafa Mo'in, at culture and higher education, was a gesture to the Majlis, but it was not enough.

President Rafsanjani had blamed the hardliners, who dominated the post-revolution Majlis, for all the country's ills. Their removal was hoped to leave the way clear for rapid modernisation, financed by foreign investment.

The theory has not translated into practice. A year later the economy is still in decline with a serious backlog of short-term debt.

This lack of progress has been put squarely at the door of the cabinet. The new Majlis, elected on the slogan of "support Rafsanjani", is now calling for the blood of those surrounding the president.

Mr Rafsanjani did manage to resist the pressure from Ayatollah Khomeini to elevate Mr Ali Akbar Velayati, the foreign minister, at the price of keeping him in his present post.

The appointment of Ali Mohammed Besharati, a career diplomat allied to Mr Rafsanjani, as interior minister, is a boost for or the president. It is the first time, except for a brief interval in 1981, that a non-cleric has held the post.

The departure of Hojatolislam Nouri from the interior ministry, leaves just two clerics in the cabinet: Hojatolislam Ali Fallahian, at information, and Mohammed Shoushtari, at justice.

Mr Abdul-Hussein Vahdani has also been removed from the ministry of commerce. He was plagued by claims that senior personnel in his ministry had received huge commissions on foreign dealings. He is replaced by Mr Yahya Al-Isfahani.

The removal of Mr Ali Toran from the ministry of defence came as a surprise, as he appeared to enjoy the respect of all the armed forces. However, the merging of the army and the Islamic Guard had caused tension.

Lebanese leaders review troop deployment

By Roger Matthews, Middle East Editor

LEBANON'S leaders began top-level talks in Damascus yesterday after Syria had voiced concern over the Beirut government's plans to deploy troops in the south of the country, recently subjected to a week-long bombardment by Israel.

The announcement of the troop deployment had been welcomed by Israel and the US.

Both countries saw the move as an attempt by the Lebanese government to control the activities of the Iranian-

backed Hizbollah guerrillas. It was the attacks by Hizbollah on Israeli troops occupying the southern

Israel and the US see troop deployment as attempt by Lebanon to control Hizbollah

strip of Lebanon which sparked the furious Israeli response, forcing more than 300,000 people from their homes and leaving at least 120 dead.

In the past two years the Lebanese army has collected most of the heavy weapons of the militia forces, except those of Hizbollah, which is deemed to be fighting a war of national liberation.

The initial announcement from Beirut that it was sending troops to the south was seen as an attempt to extend its authority over a wider area of Lebanon. However, in the face of Syrian opposition, only 300 troops have been sent south and no further deployment is expected.

Syria, which maintains more than 20,000 of its own troops in Lebanon,

appears to have been alarmed that the movement of Lebanese forces would be viewed as a diplomatic victory for Israel.

In a long interview with a Beirut newspaper, President Hafez al-Assad of Syria stressed that it was his duty and that of the Beirut government to strengthen the resistance and if necessary to protect it.

"Maybe at times we need to guide it, but only to increase its effectiveness," he said.

The seriousness of Syrian concern was underlined by the presence in Damascus yesterday of the top three

members of the Lebanese leadership, President Elias Hrawi, Mr Rafik al-Hariri, the prime minister, and Mr Nabih Berri, the speaker of the national assembly.

It is believed in Beirut that the Lebanese leaders, anxious to provide security for villagers returning to the south, announced the deployment of the army without consulting Syria, or perhaps taking fully into consideration the wider interests of Damascus. Syria has been accused by some Israeli and US leaders of using Hizbollah to increase its leverage at the Middle East peace negotiations.



South Korean riot police chasing students during an anti-government demonstration outside Seoul's Yonsei University in protest at a ban on a "pan-national" rally they had plans to hold

S KOREAN STOCKS STORM SUBSIDES

CALM returned to South Korea's financial markets yesterday as the stock market rebounded sharply after tumbling late last week in response to a ban on the use of all-

in financial transactions, writes John Burton in Seoul. The general share price index rose by 25 points from Saturday's close to 691, although it still remains below

the 725 level on Thursday when the ban was announced. Trading was brisk at 31m shares, twice last week's volume, as investors took advantage of buying opportunities.

Nigeria's government proscribes newspapers

By Paul Adams in Lagos

NIGERIA'S military government yesterday proscribed newspapers shut last month, including one owned by Chief Moshood Abiola, victorious candidate in the June presidential poll which was subsequently annulled by General Ibrahim Babangida.

Mr Abiola, interviewed in London, condemned the action, saying: "This is just the beginning of a new darkness of a type Nigerians never believed they deserved. Babangida has signalled to the world that consent no longer forms any part of the code of government."

The decree outlawed newspapers published by the Concord group, owned by Mr Abiola, as well as those of Punch, the Daily Sketch and Bendel Newspaper Corporation.

The government closed the publications on July 22 in the biggest press clampdown since independence in 1960, accusing the papers of bias.

General Babangida post-

poned a speech to the National Assembly yesterday, and is expected to give details of his proposed interim government today, his 52nd birthday. Yesterday's clampdown on the press reinforced widespread doubts that he will hand effective power to the new administration.

Lagos reopened for business yesterday after a three-day mass stay-at-home protest, which left the city deserted from Thursday to Saturday. The Campaign for Democracy, which organised the protest, promised more action, saying that "the struggle to terminate military dictatorship from our land has just begun and to that extent no amount of intimidation, victimisation and oppression can stop the on-going people's march towards democracy."

Thousands of people are fleeing the cities, particularly in the south-west, Mr Abiola's political stronghold. "As we get nearer the fateful 27th of August, the spate of



Moshood Abiola: widely seen as victor in June election

flight has escalated," the Lagos Guardian newspaper said in an editorial.

"The climate of fear is exacerbated by widespread rumours of large caches of arms discovered in different parts of the country, of communities determinedly arming themselves," it added.

Japan's stake in Australia shrinks

JAPANESE investment in Australia is shrinking, Australia's foreign affairs and trade department said yesterday, Reuters reports from Canberra. "While lower Japanese investment in Australia is part of a global slowdown in Japanese long-term capital outflow, the contraction has been much more severe in Australia than elsewhere," the department said in its latest Quarterly Economic and Trade Review.

In 1989/1990, Japan's share of foreign investment in Australia was larger than that of any other country. Now Japan was

the third largest investor in the country behind Britain and the US, the report said.

Japanese investors had withdrawn more than A\$4bn (\$2.7bn) in investments in Australia in the six months to March 1993. Weakness in the Australian dollar may have contributed to the drop in Japanese interest.

The Australian government yesterday rejected complaints by US-based United Airlines that Australian regulations would make its planned flights into Australia via Tokyo unprofitable, Reuters adds.

Kuwaiti labour plea

A KUWAITI trade union yesterday accused manpower companies of ill-treating foreign workers and demanded greater legal protection including a minimum wage for the labour they provide, Reuters reports from Kuwait.

"These companies have greatly damaged Kuwait's image abroad through their continuous violations of labour laws and their inhuman practices including trading in humans," the Union of Oil and Petrochemical Industry Workers said.

Hundreds of manpower companies provide foreign labour to state-owned corporations such as oil companies.

Two thousand foreigners employed by a local manpower company went on a rampage during a one-day strike earlier this month, overturning cars and smashing up rooms at the Kuwait National Petroleum's Mina Abdulla refinery.

The workers, mainly Indians and Bangladeshis, complained of bad food and living conditions and irregular wage payments.

Liberia factions agree government

Liberia's three former warring factions yesterday agreed a five-member transitional government to steer the country to elections next February, Reuters reports from Monrovia. The factions each chose one member of the council and the two remaining posts were chosen by a group of eminent Liberians selected by the factions. The agreement left Charles Taylor's National Patriotic Front of Liberia in a minority.

Gunman fires on Nile tourists

A gunman fired shots at a boat carrying 44 British tourists on the Nile in southern Egypt yesterday but nobody was hurt, the interior ministry said, Reuters reports from Cairo. Muslim militants have devastated Egypt's tourist industry with a series of gun and bomb attacks.

Indonesia eases visa curbs

Seeking to attract more tourists, Indonesia yesterday began allowing visitors from 45 countries to stay two months without visas, the immigration office announced, AP reports from Jakarta. The visa-free visits cannot be extended or used for business purposes. In 1992, more than 2m foreigners visited Indonesia, up from 2.5m in 1991. Tourist earnings rose from \$1.4bn in 1989 to \$3.2bn in 1992.

Kuomintang rift poses threat to hold on power

By Alexander Nicoll and agencies

A CHALLENGE to President Lee Teng-hui's leadership of the ruling Kuomintang Nationalist Party has widened internal divisions which pose a growing threat to the party's 44-year hold on power in Taiwan.

Delegates to the KMT's 14th congress, which opened yesterday, said that they were seeking sufficient signatures to nominate a rebel candidate - Mr Chang Feng-shu, 66, a former minister of state and mayor of Taipei - in tomorrow's elections for the party chairmanship.

Mr Lee is expected to retain the post. But the dissidents' move underlined growing anger within the party at the slow pace of democratic reform and of measures against corruption. In last December's parliamentary election, the KMT's share of the vote fell to a record low partly because of popular disquiet about corruption.

Unrest within the party was highlighted last week when six prominent members of parliament broke away to form the New Party, saying the KMT had become corrupt and paid too much attention to interests of wealthy businessmen.

Mr Lee acknowledged yesterday that the party was threatened by internal factional struggles and growing political opposition.

"In recent years, pluralism in society has led to differences in political ideology among our comrades, posing a severe challenge to us in elections," he told the congress.

"Implementing internal reform is more difficult than tackling external challenges. But our goal has been set and we must overcome all obstacles," Mr Lee said.



President Lee Teng-hui could face challenge from rebel candidate at party congress

The congress is expected to drop most of the 12 "mainlanders" - veterans who fled to Taiwan with General Chiang Kai-shek in 1949 when the Communists took power in China - from the 31-member Central Standing Committee.

This will virtually complete the transfer of power from the veterans to local-born politicians such as Mr Lee.

The internal travails are partly a reflection of this transfer, as Taiwanese people take an increasingly pragmatic view about relations with China. The New Party is advocating direct transport links.

China, UK hopeful on Hong Kong talks

By Tony Walker in Beijing

CHINA and Britain yesterday expressed hope that progress in negotiations over Hong Kong's future could be achieved in time for a meeting which has been scheduled for September between the foreign ministers of the two countries, Mr Jiang Zemin, China's chief

negotiator, said yesterday. Mr Jiang said there would be several more rounds of negotiations before the end of September and "we hope that more progress will be made in these rounds of talks".

Mr Douglas Hurd, Britain's foreign secretary, and his Chinese counterpart, Mr Qian Qichen met in Beijing in July

in an attempt to break the impasse on the Hong Kong issue. They agreed then to meet again at the United Nations General Assembly in New York.

China has been deeply angered by plans advanced by Mr Chris Patten, Hong Kong's governor, to broaden the franchise for elections due in 1994 and 1995. Beijing says this plan contradicts

understandings reaching with London on the transition to Chinese rule in 1997.

Sir Robin McLaren, Britain's chief negotiator, declined yesterday to provide details about progress in the talks, but he did say: "We have a lot of work to do, and we have been getting on with it."

Beijing stumbles over 'good art'

Tony Walker reports on the problems of a new wave of film-makers

CHEN KAIGE, director of the acclaimed movie, Farewell To My Concubine, was almost speechless with rage and frustration: "How can I say anything? What should I say? Should I say the government did the right thing? But that's not the truth. Should I say the government did the wrong thing? If so, how could I stay on in China?"

"If you quote me directly it could land me in trouble," he says, before pausing and then adding: "Well, if you really must quote me, say I don't understand."

Two weeks after the Chinese authorities withdrew permission to be shown after just one viewing in Beijing for Mr Chen's film, which shared this year's Palme d'Or at Cannes with Jane Campion's The Piano, it is difficult to fathom where the decision leaves the new wave of Chinese film-makers and writers, and whether, ominously, the ban heralds a new chill in official attitudes towards art and literature.

Wang Shuo, the angry young man among Chinese writers whose books with their earthy real-life dialogue are often subject to ferocious criticism in the fusty official press, believes that a cooler breeze has been gusting through artistic circles for the past several months. "We could feel the chill since the spring," he says. "It's a definite trend." As for the decision to ban Farewell To My

Concubine, it was "stupid and poisonous", he adds. Other writers, such as playwright Guo Shixin, take a more phlegmatic view, and believe that problems over Farewell To My Concubine are peculiar to the film itself, and do not necessarily reflect a trend. "The biggest obstacle now is writers' self-censorship," he says. "After decades of political pressure, they tend to put limits on themselves automatically."

Whatever the truth, there is no doubt the row over Chen Kaige's film, with its poignant scenes from China's recent turbulent Cultural Revolution past and its implied criticism of the Communist party, has

'The biggest obstacle now is writers' self-censorship'

come as a sharp reminder of limits on literary and artistic endeavour, even as Beijing continues to proclaim its commitment to an opening to the outside world.

The difficulty facing the authorities in judging what is and what is not acceptable in their terms, was reflected in arguments put forward by Mr Liu Zhongde, the culture minister, in a recent People's Daily article, in which he sought to define what was appropriate in the new market economy. It

was a prescription from China's leading cultural commentators that would hardly have engendered much confidence among artists and writers in the government's commitment to literary and artistic freedom. "At a time when popular art is rapidly developing, we must use the law to stop 'garbage art' from running rampant," said Mr Liu. "We should also reward artists who make good art and punish those who create 'crass' works."

It is not clear where Farewell To My Concubine falls between these categories since the authorities have not said publicly why they object to the film, although it is widely assumed that China's party elders found distasteful a homosexual scene and a downbeat ending in the which one of the leading characters commits suicide.

Themes of despair and hopelessness are not deemed to be appropriate in modern post-Cultural Revolution China, marching as it is towards a glorious new dawn under the banner of socialism with Chinese characteristics.

Mr Chen, meanwhile, awaits the verdict of the censor, who had already chopped about 50 feet out of the film before its one and only showing in Beijing. He insists he will not co-operate in changing the ending.

"If they want to do it, fine," he said recently. "But there is no more footage with which to make the change. It will be a

film without an ending. Audiences would be very surprised to see a film without an ending."

The Farewell To My Concubine saga is unlikely to fade soon, happy ending or no happy ending, nor is there likely to be a truce between China's new breed of avant garde film makers and the authorities, now that these talented directors and producers have discovered a means to make their films using private donations and equipment without having to rely on the state. They have also tapped a receptive and encouraging international audience.

Underground film-maker Zhang Yuan, for example, was

'There is no more footage... It will be a film without an ending'

able recently to defy official attempts to prevent him taking his radical work, Beijing Bastards, to the Locarno film festival in Switzerland. China had asked the organisers to withdraw the film, which depicts the seamy side of life in the Chinese capital, and features China's reigning rock idol, Cui Jian.

Other works that have been attracting attention recently, include Wu Wenguang's 1992, My Time in the Red Guard, and Bumping in Beijing - The

Last Dreamers. Films like these, made on a shoestring, will not be released officially for the time being, since the state controls all means of distribution, but they are being shown to smaller, private audiences, and thus are helping to attract a following for their authors, and perhaps more important, financial support.

Independent directors such as Zhang and Wu might also draw comfort from the example of Zhang Yimou, whose Raise the Red Lantern was initially not allowed to be shown in China. The authorities eventually relented late last year after it had won widespread international acclaim.

Chen Kaige, who has graduated from low-budget films to works such as Farewell To My Concubine which cost several million dollars to make, is obliged to tread carefully these days since he requires official Chinese approval for his next venture... If it is to be shot and shown on the mainland.

Chen is also being obliged to shelve for the moment plans to make a film about Nian Cheng's harrowing novel, Life and Death in Shanghai. This could hardly have avoided negative reference to the Communist party and taboo subjects such as Mao himself.

Instead, Chen is embarking on the safer Shadow of a Flower, a love story set in 1930s Shanghai. China's cultural commissars should be able to live with that.

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 **DELTA AIR LINES**

Strong retail sales boost recovery hopes

By Emma Tucker and Stephanie Flanders

RETAIL sales rose in July for the seventh consecutive month, registering their strongest growth for more than three years, according to a Confederation of British Industry (CBI) survey published today.

The latest distributive trades survey by the employers organisation shows that for the first time since 1990, more companies are indicating that sales are above average, rather than below, for the time of year.

The news is likely to fuel fears that consumer spending is acting as the spur to economic recovery, particularly after a string of figures last week suggested that growth in the manufacturing sector was slowing.

But Mr Andrew Sentance, the CBI's director of economic affairs, said yesterday that the improvement in sales suggested "steady growth rather than a consumer boom. Even now, fewer than one in four retailers consider trading conditions to be good".

The improvement in shop sales has not yet benefited retailers of all sizes, according to Mr Sudhir Jumanikar, an economist at the CBI. "Retailers with only one outlet were still reporting that trade was lower than a year earlier," he said. "This indicates that the steady monthly growth in retail sales has not yet extended to all corners of the high street."

The CBI said the pick-up in retail spending was filtering

through only slowly to the rest of the economy. Retailers still consider stock levels to be too high and orders placed with suppliers are growing at a much slower rate than sales, a pattern that is expected to continue.

Official figures from the Central Statistical Office show retail sales to be growing at an annualised rate of 3.1 per cent. Growth has been above 3 per cent since March.

Car sales rose modestly in July after two months of year-on-year decline, and orders for cars have risen sharply. There was a build up in stock levels among wholesalers. The CBI said they were now experiencing more sluggish trading conditions than in the past few months.

Although a higher number of respondents expect to sell more vehicles this month, on balance they do not think sales will match the level usually seen in August.

In the wholesaling sector, a positive balance of 35 per cent of respondents reported higher sales in the year to July. This is the fifth month of healthy year-on-year increases in this category.

The survey, which covered 15,000 outlets in retailing, wholesaling and the motor trade between July 20 and August 4, found that Britain's clothing and footwear retailers had enjoyed the most buoyant sales in July.

Off-licences, by contrast, reported a further sharp fall in sales in the year to July. Sales in this sector have decreased every month since June 1992.

Study may help UK avoid rigid waste rules

By David Lascelles, Resources Editor

A STUDY OF the costs and benefits of environmental regulation could help Britain avoid the excessively rigid environmental controls of some continental countries, according to Dr David Slater, the head of the UK pollution inspectorate.

The review should bring "more transparency," he says, to a subject which always triggers strong public emotions.

Events this year have shown just how strong those emotions can be. Two weeks ago, his inspectorate came under attack for authorising two power stations to burn oil-miscible, the "wily fuel" criticised by environmentalists.

A few weeks earlier he raised a similar storm when he approved an authorisation for Thorp, the nuclear waste processing plant in Cumbria, though on that occasion ministers decided that more consultation was needed.

More controversy is likely as the inspectorate nears a decision to authorise Britain's latest nuclear power station, Sizewell B, for which consultations started last week.

Given the nature of the job, it is hardly surprising that Dr Slater finds himself amid conflicting pressures, from business, politicians and green groups.

But he has experienced pollution at close quarters. A consultant engineer by background, he has worked on a number of industrial disasters, including Seveso, Bhopal and Exxon Valdez. He has also seen how environmental regulation works in the US.

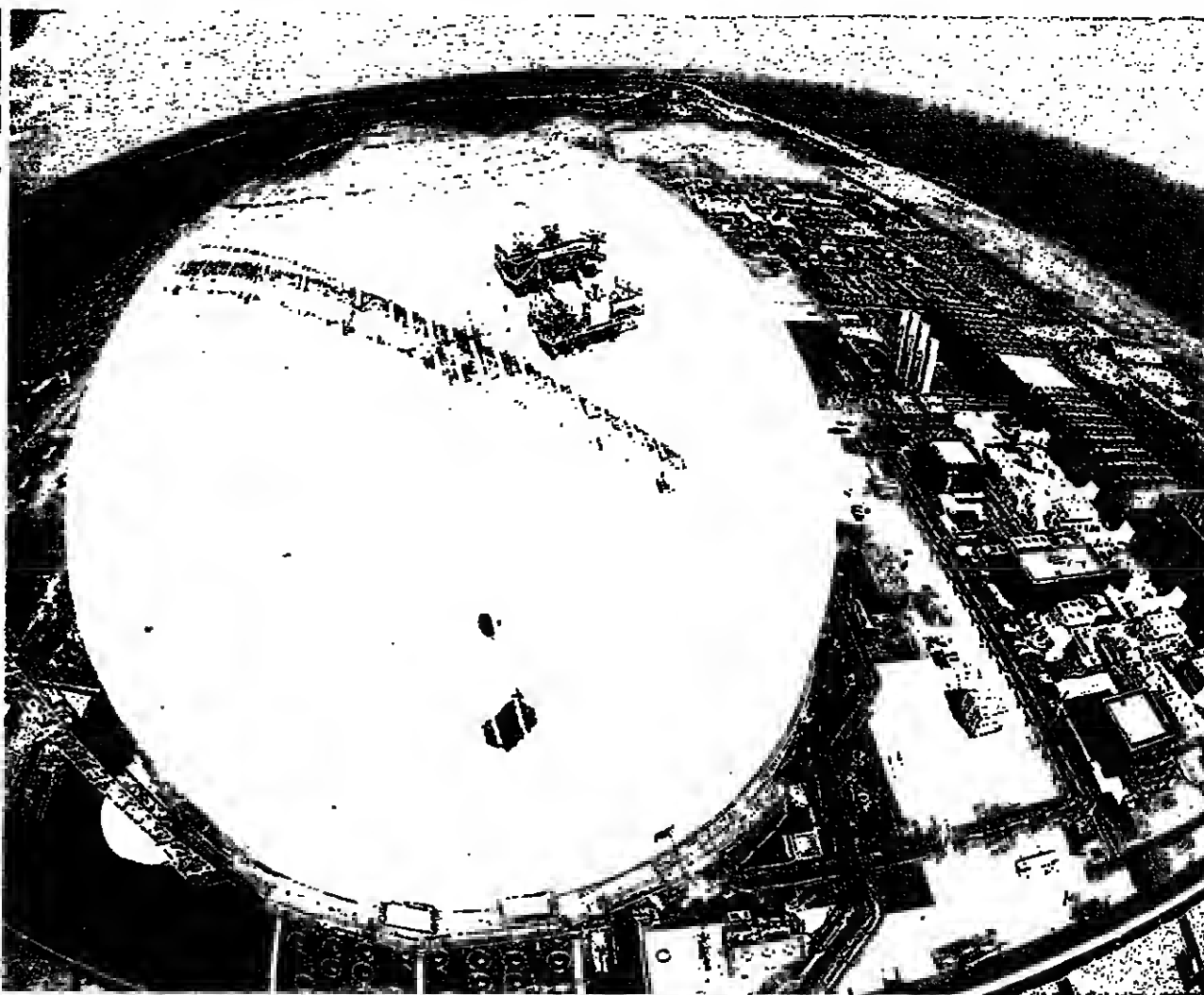
"We don't have the radar gun approach of some of the continental countries. Here people can sit down and talk about the realities rather than being told 'thou shalt'."

One of Dr Slater's concerns is to weigh the cost and benefits of pollution controls. The oil-miscible case was fairly clear cut. Tests showed the fuel was no dirtier than coal or fuel oil, so there was no environmental case for banning it.

Less clear, however, was Dr Slater's reason for allowing the stations to burn the fuel for five years without clean-up equipment. He said it was "unreasonable" to ask the generators to install this equipment straight away, but he will maintain a regular dialogue with the generators to ensure the equipment is ready once the five years are up.

He spends a good deal of time trying to persuade industry of the value of environmental regulation.

He cites examples of companies which made cost savings after being forced to tighten up their waste and emissions. One study project in Yorkshire recruited 11 companies, each identified savings by cleaning up operations. One of them, Coca-Cola & Schweppes Beverage, produced annual savings of £1.6m. It is a question of lining up environmental, efficiency and economic objectives towards the same goal. "It's all basically about eliminating waste," he says.



State-owned Nuclear Electric is nearing completion of Sizewell B, its pressurised water nuclear power station on the east coast of England. The pollution inspectorate is due to decide shortly whether to authorise operations at the station. Picture: Ashley Ashwood

Scottish Hydro forms link with US group

SCOTTISH Hydro-Electric has formed a joint venture with a subsidiary of Marathon, the US oil company, to sell gas to commercial and industrial customers in the north of Scotland but will later operate in England and Wales.

Hydro-Electric's partner is Marathon Gas which sells gas from the Brae fields in the North Sea, where Marathon Oil is the operator.

The joint venture company, Vector Gas, will initially sell gas in Hydro-Electric's electricity licence area in the north of Scotland.

Gas's pipelines to supply its customers. The joint venture will supply its first customers in Scotland in October. It hopes to supply domestic customers when deregulation of the gas market allows.

Hydro-Electric is moving into the gas market partly to protect its large share of the

market for beating in its franchise area. It later hopes to serve corporate customers on a UK-wide basis with gas in the same way that it supplies them with electricity.

Other electricity companies such as ScottishPower and Seaboard have entered the gas market.

Workers at Jetstream fear big job losses

By James Buxton, Scottish Correspondent

WORKERS at the Jetstream subsidiary of British Aerospace (BAe) yesterday expressed concern that the aircraft manufacturer may be considering large redundancies, after it warned employees it was facing serious difficulties.

Mr Allan MacDonald, managing director of Jetstream, based at Prestwick, western Scotland, told the workforce the company would have to realign "our production programmes with market demand and reduce significantly our operating costs".

Jetstream, he said, would be failing in its responsibility to its investors and undermining its long-term viability if it failed to "take prompt action to stem cash haemorrhaging and minimise production of aircraft for which we have no confirmed customers".

Mr MacDonald said he would be meeting senior executives to review the business and the options open to it.

Jetstream manufactures the 19-seat Jetstream 31 and the 29-seat Jetstream 41 turbo-prop aircraft.

Jetstream Aircraft, which employs 2,500 at Prestwick, would not give details of current orders or production.

Mr MacDonald said between 1990 and 1992 worldwide orders for regional aircraft dropped from 451 to 22 aircraft.

He pointed out that redundancies were being implemented or had been announced by aircraft manufacturers including Shorts in Belfast, Fokker in the Netherlands, Deutsche Aerospace in Germany and Embraer in Brazil.

Peugeot-Talbot ends 405 output

By Kevin Done, Motor Industry Correspondent

PEUGEOT-Talbot, the UK subsidiary of the PSA Peugeot Citroën of France, is dropping production of the Peugeot 405 at its car assembly plant at Ryton, central England, because of falling car sales in continental Europe.

Production at Ryton is to be limited to one model, the Peugeot 306, output at the plant is being reduced to around 1,600 a week from 1,900 a week earlier this year.

Around 300 jobs are being cut from the workforce of 5,200.

The decision to stop production of the Peugeot 405 family car in the UK is a significant setback for the Ryton plant, which only resumed production of two car ranges in January with the launch of the Peugeot 306. The 405 will be imported in future from France.

The Peugeot group is cutting production as part of its overall reduction in output across its European plants in response to the sharp decline in west European new car sales this year.

New car sales in west Europe

fell by an estimated 17.7 per cent in the first seven months of the year, while sales in France, where Peugeot's market share is being seriously eroded, have fallen by 17.1 per cent.

Meanwhile, Vauxhall, the UK subsidiary of General Motors of the US, is also cutting output at its two UK assembly plants.

Production of the Vauxhall Cavalier/Opel Vectra at its Luton plant in Bedfordshire is being stopped this week, while night shift production of the Vauxhall/Opel Astra at Ellesmere Port, Cheshire, is also stopping this week.

Vauxhall vehicle output rose by 15.3 per cent last year to a record 301,857. In the first seven months this year it has fallen by 11.1 per cent to 161,792 from 181,919 in the same period a year earlier.

Ford, the biggest UK vehicle maker, which cut capacity in its European plants last year, has also opted for some short-time working.

Production at its Southampton Transit van plant was halted yesterday with the loss of two shifts, although normal output will be resumed today.

Britain in brief



Procurement agency to be privatised

The Crown Agents, the government controlled procurement, technical and financial services agency, is to be privatised.

Three quarters of its business is already financed from sources other than the UK aid programme. Over the 10 years to 1991, it brought procurement orders worth about £2bn to almost 8,000 UK companies. It manages the equivalent of \$4bn on behalf of 300 governments or public bodies.

In February this year, it was appointed by Japan's Foreign Ministry to procure food for distribution in Russia as part of Japan's first emergency humanitarian aid package to former Soviet republics, worth a total of \$100m.

Travel agency cuts prices

Thomas Cook, the UK's second biggest travel agency chain, has fired the opening salvo in the campaign for the summer

of 1994, offering a 10 per cent discount on all holidays in its new package tour brochure.

Today Thomson, the market leader among tour operators, will launch its 1994 brochure and next week Owners Abroad will add its contribution. Thomas Cook, controlled by Westdeutsche Landesbank, expects the package holiday market to grow by 10 per cent in 1994, equivalent to an extra 1m passengers.

Consumers repay debt

Consumers continued to repay their debts in the second quarter, with the number of people slightly in arrears on credit repayments falling compared with a year ago. Infolink, the credit information group, reported that the value of an average outstanding consumer credit commitment was 3 per cent lower in the second quarter than in the same period a year earlier.

Warning on retail tax

The government looks increasingly likely to extend Value Added Tax to books and newspapers in its Budget in November Oxford Economic Forecasting warned in a survey of the UK's economic prospects.

The group of economists suggests that VAT on books and newspapers would raise £1.1bn in 1994-95 and push up inflation by 0.3 per cent.

Heathrow rail link agreed

BAA, the UK airports operator, has signed final agreements with British Rail to commence work on the £300m express rail link between Paddington Station and Heathrow Airport.

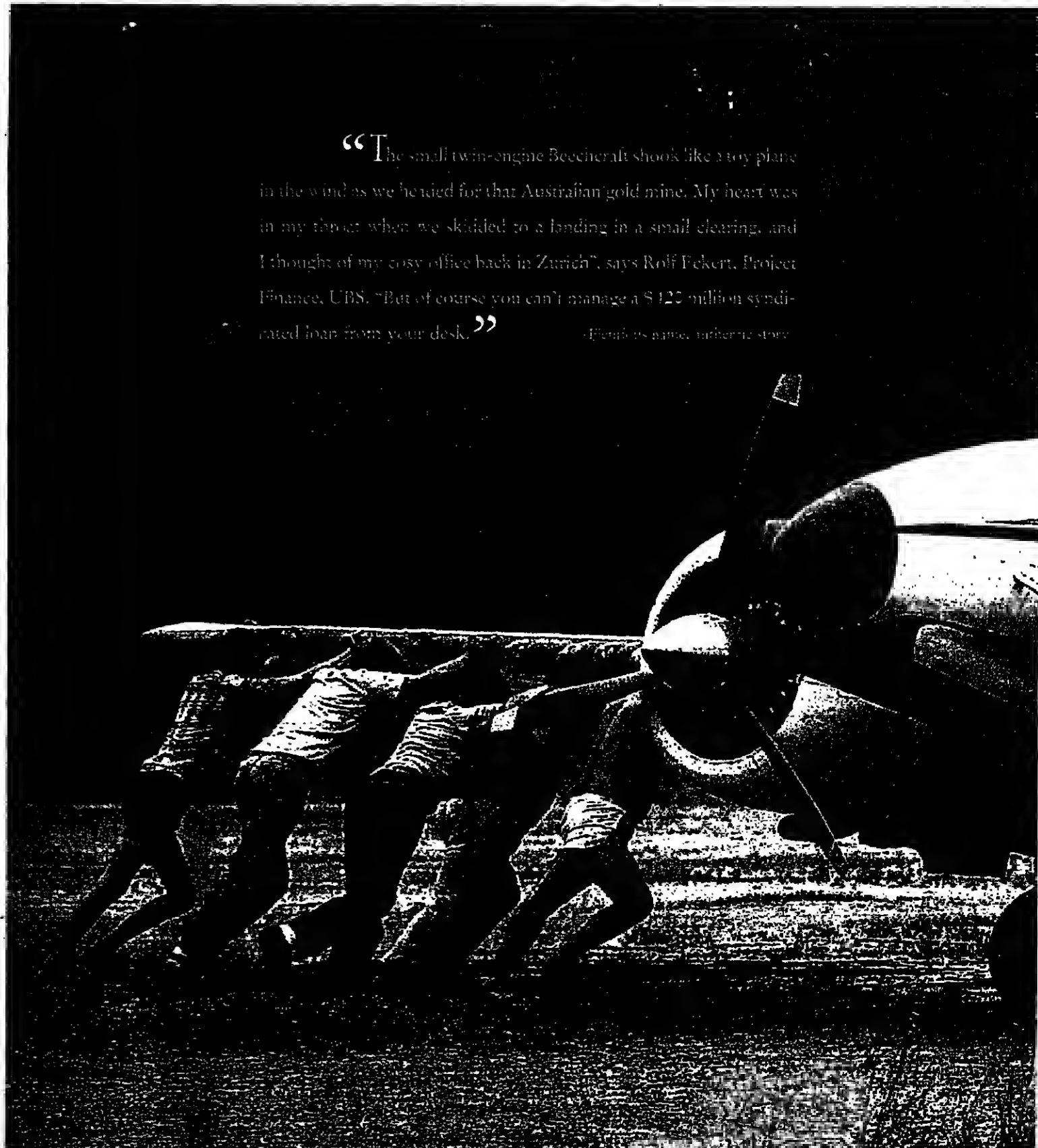
Office space falls sharply

The amount of available office space in Central London has fallen by 17 per cent from its peak of 34.3m sq ft in mid 1992, according to new figures from DTZ Debenham Thorpe, property advisers.

The figures reflect a gradual pick-up in demand, a sharp decline in the amount of property under construction and the impact of the City bomb in April, which had the dual effect of forcing landlords to withdraw damaged offices from the letting market and prompting tenants to relocate to new premises.

Turnover falls in hotel jobs

Annual labour turnover in the hotel and catering industry fell from around 60 per cent in the late 1980's to less than 30 per cent during the recession, according to the Employment Forecasts Update produced by the Hotel and Catering Training Company (HCTC).



"The small twin-engine Beechcraft shook like a toy plane in the wind as we headed for that Australian gold mine. My heart was in my throat when we skidded to a landing in a small clearing, and I thought of my cosy office back in Zurich," says Rolf Fekert, Project Finance, UBS. "But of course you can't manage a \$122 million syndicated loan from your desk."

(Fekert's name, rather than store)

Not banking as usual.



NEW YORK, LONDON, PARIS, FRANKFURT, ZURICH, GENEVA, SINGAPORE, HONG KONG, TOKYO, LUXEMBOURG, MADRID, MONTE CARLO, MILAN, MOSCOW

MANAGEMENT: THE GROWING BUSINESS

Asian businesses in Britain are widening their ambitions and their appeal under the influence of a second generation, writes Khozem Merchant

Beyond the corner shop



Targeting the mainstream: Zeenat Harnal of Noon Products

he found a business resembling some he had studied during his MBA at Bradford University. "The business had plodded along in a bazaar way. A business plan was over-produced. The biggest problem was controlling the books. I started looking at these while on visits from Bradford and was drawn into the business," he says.

One early responsibility for both Imran Ahmad and Zeenat Harnal was dealing with banks. Many first-generation Asians recall with indignation their treat-

ment by clearing banks. Mutual accusations of misunderstanding abound. A second generation is undoubtedly more sensitive to the banks' point of view. "I was the essential link between the bank and a business which had to expand. What the banks said [on business plans etc] made sense to me, though not to my father," says Imran Ahmad.

Zahid Yaqoob and Imran Ahmad's overhauls, though on a different scale, led to an unpalatable truth - that to manage a growing business professionally, managers and

ist at the University of Central England in Birmingham, serves as a useful model.

"The new generation must realise that the only way to grow is by expanding out of the niche market," he says. "A new generation will certainly bring more market focus. But it will only work if it ensures the family business possesses the internal structures to absorb new ideas, products and big orders."

Imran Ahmad achieved "market focus" by moving his B&B away from the student and where his father had opted for an easy return on a largely self-managing business, to the business-client market. He invested about £100,000 in transforming his 12-room B&B into a 27-bedroom hotel. "We made a big qualitative move. The only way to develop was to position ourselves in the growing end of the market."

For Zahid Yaqoob, expanding out of the narrow "Islamic" market was vital. "Our business could not have carried on if we just sold meat to Muslims in Britain." He led the move into value-added products such as halal burgers and sausages. The company is also assembling a "multi-million pound" project to open abattoirs in Europe to add to the five it runs in the UK and Ireland.

These moves into new markets, allied with big internal changes, can add tension to a management team that straddles different cultures. Imran Ahmad points to irritants management issues such as dealing with builders "who knew there was no one person in charge and sought to exploit it". This, he says, cost the hotel unnecessary expense.

Though many second-generation Asians command a remarkable degree of responsibility at a young age, there is no doubting that the founder remains in overall charge. Zeenat Harnal, 33, leads 60 mainly female production workers; Zahid Yaqoob recruited and heads a team of "proven meat industry managers". Both say they bow to their fathers' word.

So what if differences occur between conservative founders and their dynamic successors? "Intercultural tensions could affect the market position of a company and ultimately its success," says Ellis Cashmore, of Aston Business School. He cites the example of a large cash and carry business in Birmingham, owned by a Muslim for whom alcohol is prohibited. The owner's son, who was the finance director and also regarded himself as a faithful Muslim, presented a compelling commercial case for selling alcohol, but was overruled by his father.

This is an example of how culture can damage commerce. Marrying these two imperatives could yet prove a profitable path.

Seeking a new balance

The growing need for small firms to collaborate in research and development, training and even marketing is often in conflict with their urge to compete. So a recent study on how the Mittelstand in the Baden-Württemberg region is dealing with the dilemma is of potentially wider European interest.

The Mittelstand is the collective name for the thousands of small and medium-sized companies whose remarkable export success was one of the foundations of Germany's post-war economic prosperity. But as Philip Cooke, Kevin Morgan and Adam Price of the Department of City & Regional Planning at the University of Wales College of Cardiff point out, "a crisis of confidence has hit the whole sector."

Nowhere is it more evident than in Baden-Württemberg, where one of the biggest threats comes from the car industry's increased tendency to source overseas on the one hand and to deepen relationships with a smaller number of domestic suppliers on the other. In machine tools, the fear is that the Mittelstand is too fragmented to stay abreast of new technologies and to meet the threat of more cost-effective Japanese rivals.

Many companies, however, are sceptical of "horizontal collaboration" as a means of easing the financial burden - the Mittelstand's apparent strength, fierce independence of a dynamic owner-manager, therefore becomes its weakness.

The report examines in detail the state's novel regional innovation strategy, which in contrast with the French *département* approach tries to establish a new balance between collaboration and competition. It continues to respect the sovereignty of the firm, but with the help of new legislation, it encourages companies to recognise the limits of autonomous action.

Formidable problems remain and the most pessimistic think the region's overdependence on the motor and auto industry could make it "the Ruhrgebiet of the 21st century".

But the authors say it would be foolish to underestimate the capacity for renewal given the "new mood" and the region's industrial, technical and institutional resources.

*Available for £20 from RIR, PO Box 965, Cardiff CF1 3YN.

Tim Dickson



Single market aids larger companies

Small businesses have done badly from the creation of the European single market with, in the early stages at least, most benefits going to large companies, according to a survey by the 31/Cranfield European Enterprise Centre.

Fifty four per cent of companies employing fewer than 50 people reported increased competition, while only 33 per cent had boosted exports. Among larger companies (with up to 500 employees) 46 per cent had experienced more competition, but 44 per cent raised exports.

German companies appeared to be planning to make the most of the single market with just over half setting up some form of collaborative deal in Europe. In other countries between 20 and 28 per cent had done so.

*Attitudes to Europe. Cranfield School of Management, Cranfield, Bedford, MK43 0AL. Tel. 0234 751122. Free.

A guide to going public

The stock market flotation has returned to favour as a means of raising funds for growth. Many recent flotations have involved companies, many of them management buy-outs, backed by the venture capital industry.

Venture capitalists would once have regarded a trade sale to a larger business as the natural "exit" route from their investments. But fresh enthusiasm for new issues on the part of institutional investors has meant a flotation can result in a better price for the business.

The revised edition of *Going Public*, a guide to a London stock market listing by merchant bankers Samuel Montagu explains the methods, timetable and likely cost of such a move. A glossary explains the mysteries of clawbacks, red herrings and the yellow book.

From Jeremy Prescott, Samuel Montagu, 10 Lower Thames Street, London EC3R 6AE. Tel. 071 260 3000. Free.

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Mr Robert McMillan, Managing Director of the McMillan Printing Group, Sydney, Australia, who are contracted by the Australian Department of Immigration for management of this facility, will be available for interviews in London from 21/8/93 to 26/8/93 and from 11/9/93 to 15/9/93.

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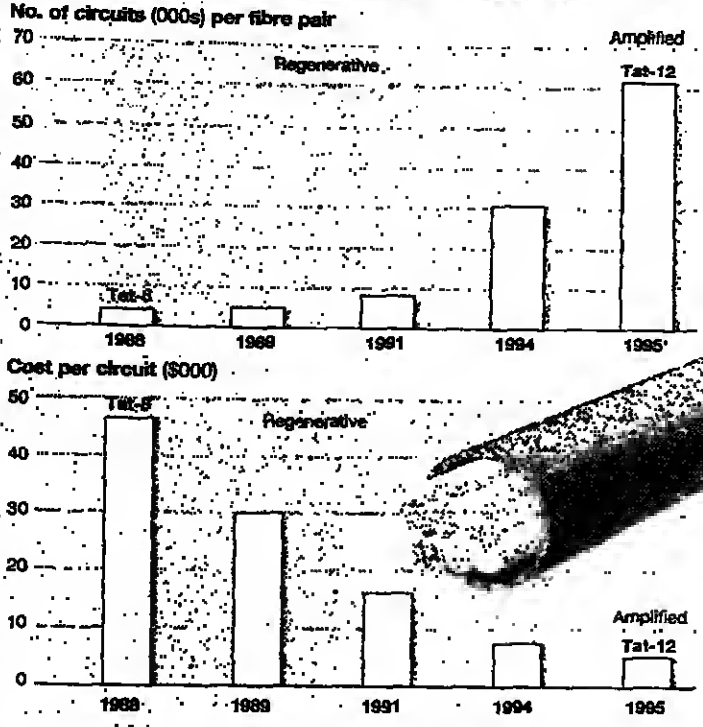
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6,000km under the sea

Andrew Adonis on a transatlantic breakthrough for fibre optic cables

Revolution in STC transatlantic cables (Tat-12)



Cost per circuit (typical two-way traffic-carrying fibre system of 6,500km length and assuming 100% traffic fill)

STC's first undersea fibre-optic system dates back only seven years, and its first transatlantic system to 1988. The first generation of fibre-optic systems, including a transatlantic system still under construction, used the "regeneration" technique to convert signals across long distances of fibre. This requires elaborate, high-speed electronic "repeaters" to be attached to the undersea cable at regular intervals, which re-form the signal and send it on to the next repeater.

The breakthrough was the invention of an optical amplifying mechanism that can pass the signal along the fibre without having to regenerate it, so dispensing with the need for high-speed, sea-bed electronics. Amplification processes are at the leading edge of laser and fibre-optics research, making research and development costs a significant part of each new contract.

In the new system, amplification is achieved by erbium-coated amplifiers - short lengths of fibre loaded with a small amount of the rare earth erbium, inserted at intervals along the transmission fibre and illuminated by high-power lasers to boost the telecommunications signals.

Only basic electronic equipment is required. The effect is to create a "lightpipe" whereby the optical signal put in at one end appears at the other, provided the signal has the requisite wavelength properties.

under-water electronics and give far greater flexibility and reliability in installation and operation.

Tat-12 is only the start of the revolution. At its plan in Greenwich, south London - where the first successful transatlantic telegraph cable was built in the 1860s - STC is working on a far more sophisticated system able to carry 10m simultaneous telephone calls - enough for the entire population of London to speak at the same time down one cable.

The path to the next plateau is "wavelength division multiplexing". WDM enables a number of optical signals, each at a slightly different wavelength, to be sent down the same optical "lightpipe" at the same time, significantly increasing the number of "channels". Since all the dividing up and sorting out of wavelengths takes place in stations at either end of the cable, there would still be no need for high-speed, undersea electronic equipment.

The story of submarine fibre-optic cables in the last decade costs a telling insight on the cost of international telecommunications. STC estimates that the cost of providing a telephone circuit by fibre between London and New York has fallen by a factor of 10 over just the last seven years.

According to its projections, the cost is set to fall by a further factor of 10 over the next five years, courtesy of optical amplification. Approximately 90 per cent of all BT's transatlantic calls travel by cable and just 10 per cent by satellite.

Since 1988, BT's transatlantic call charges have fallen by about 40 per cent in real terms. Transatlantic operators are not slow to boast about their sizeable tariff reductions, but they need to be seen against the background of a dramatic decline in operating and new infrastructure costs.

Greater flexibility and reductions in unit costs do not translate immediately into lower prices. Old equipment has to be serviced and written-off; markets have to be found for new capacity. The whole of London is not going to telephone New York at the same time, however cheap BT's tariffs.

"What is needed is more capacity-gobbling uses," says Black. "With the long-haul use of capacity-demanding applications becoming economically possible, opportunities for broadband applications for transferring data, high-definition television and multimedia, are developing rapidly."

It is not, of course, just the likes of BT and AT&T that need the capacity-gobblers; without them, suppliers such as STC may soon have invented themselves out of business.

Despite assurances that BSE is waning, there is new concern about the epidemic, writes Clive Cookson

An outbreak of conflicting opinions

The epidemic of bovine spongiform encephalopathy or "mad cow" disease - which has killed more than 100,000 animals in the UK - is causing a new wave of public concern. New cases are still running at almost 1,000 a week and last month a second dairy farmer died of Creutzfeldt-Jacob Disease, a brain disorder similar to BSE.

Richard Lacey, a microbiology professor at Leeds University and the leading critic of government policy on BSE, said the deaths this year of two farmers whose herds had suffered from mad cow disease could not be put down to chance.

He believes that BSE can trigger human brain disease.

"Our worst predictions are coming true," he said. "I find it unbelievable that the government and their hand-picked advisers can go on telling the public there is no danger."

The advisers, led by the government's chief medical officer Kenneth Calman and chief veterinary officer Keith Meldrum, put out a detailed statement to justify their view that last month's death of 65-year-old Duncan Templeman - following that of Peter Warburton, 61, a year ago - showed "no features that give cause for undue concern".

The official view is that the deaths are an unfortunate coincidence, even though it is statistically unlikely that two dairy farmers should contract a disease as rare as CJD. Robert Will of Edinburgh's Western General Hospital, who has been monitoring CJD in the UK since 1990 on behalf of the health department, calculated that there was only a five per cent probability of even a single case occurring by chance among dairy farmers with BSE-affected herds.

One argument put forward by the health department is that CJD has such a long incubation period - typically 10 to 20 years - that clinical symptoms would not yet have appeared, even if BSE had triggered any cases of CJD. "Since the illness of the cows [in Templeman's herd] and the

patient occurred within months of each other, the animals and the patient had presumably incubated disease in parallel for some years," the health department said.

"It is most unlikely therefore that there is any direct link between the cases of BSE and the occurrence of disease in the patient."

Another reassuring argument is that both farmers showed clinical features typical of the "sporadic form" of CJD - of unknown cause - that usually occurs in late middle age.

"I find it unbelievable that the government and their hand-picked advisers can go on telling the public that there is no danger"

The handful of patients known to have developed CJD through infection from contaminated human growth hormone showed a different pattern of symptoms.

The second annual report of Will's National CJD Surveillance Unit in Edinburgh, published last month, shows what looks at first sight like a disturbing rise in incidence: from 32 UK cases in the year ended April 1991 to 37 in 1991/92 and 46 in 1992/93. But the report says that this is not statistically significant and is probably due to increasing awareness of CJD (some cases were previously attributed to Alzheimer's or other forms of dementia).

Meanwhile, cattle are succumbing to BSE at a rate of about one per 100 every year. The epidemic continues to defy the ministry of agriculture's predictions that it is about to wane: so far this year there have been 26,695 reported cases, compared with 25,898 to the same date last year.

The source of infection was protein-rich cattle feed contaminated with scrapie, a

related brain disease of sheep. Although sheep-derived feeds were banned from sale in 1988, farmers apparently continued to use existing stocks for longer than the ministry had expected. The incubation period is also longer than originally expected.

Veterinary experts say that almost all of the 102,000 confirmed BSE cases so far can be attributed to scrapie-contaminated feed. According to their investigations, aetiological transmission from cow to calf - which would prolong the epidemic - is very rare or non-existent.

Scientists trying to understand the epidemic face an unusual problem: BSE, scrapie and CJD are caused by a bizarre, infectious agent, the prion, which does not follow the normal rules of microbiology.

Recent research shows that the prion is an abnormal form of a protein that is normally present in the brain (though its normal function is not yet known). Unlike viruses and bacteria, prions contain no genetic material of their own.

The prion may arise by a genetic mutation (spontaneous or inherited) in the host animal. Or - in the case of BSE - it may arrive from another animal. Once in place in the victim's brain, it catalyses what John Collinge, a prion researcher at St Mary's Hospital Medical School, London, called a slow "chemical chain reaction", converting the normal protein into its own abnormal form. The prion molecule is folded in a way that makes it extremely stable and therefore difficult to destroy by conventional sterilisation.

Experiments show that BSE can be transmitted between species, for example from cow to monkey, by injecting or eating large amounts of infected tissue. But "transmission is dose dependent," Collinge says.

Most independent experts maintain that no human being - dairy farmer or beef eater - is likely to be exposed to BSE in sufficient quantities to develop brain disease.

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The Edinburgh Festival

Saints and sinners

The visual arts have always lived on the margin of the Edinburgh Festival. There have been memorable exhibitions at festival time over the years, but successive directors have seldom put much effort, let alone money, into their preparation and promotion, taking the view that any curator worth his salt would fill his gallery with something special to tempt the visitor.

This year, however, all that has changed. The Festival's new director, Mr Brian McMaster, would clearly have none of it and, for the first time has banished the Scottish National Galleries and Museums, and pretty well everyone else for that matter, to the outer darkness so far as the Festival is concerned, where I hear there has been much wailing and gnashing of teeth. A solitary serious exhibition makes it into the official festival brochure - "The Walking Dream" at the City Art Gallery, a splendid show, it must be said, of a prime selection of historic photographs in the Gilman Paper Company's collection, brought over by the Metropolitan Museum of New York. But this one exception, however splendid, serves only to make the broader omission the more pervasive.

Together the galleries in Edinburgh this year hold as strong a hand as for any recent festival. It is all very well for the new director to turn his back on all things visual, but the Festival's literature goes round the world, and who is to know how many potential punters might just have been persuaded to make the trip by the knowledge that the Queen's Holbeins (at the Scottish National Gallery), two centuries' worth of Scottish drawings and watercolours (at the Royal Scottish Academy), and an important show (at the Scottish National Gallery of Modern Art) of early Russian avant-garde painting from Russian museums, and so much else besides, was there in Edinburgh to be enjoyed as well. Whether or not Mr McMaster has cloth ears I leave to my music critic colleagues to judge, but that he should so arbitrarily visit upon his public the consequences of his having

cloth eyes I do feel is hardly clever.

The Holbein exhibition alone is a major event, major enough to be the centre-piece of the entire Festival. It is very small, nothing more than 23 drawings and five miniature paintings that barely fill the smallest of the Gallery's showing spaces, but what it lacks in size is more than made up in its visual impact. There are some 80 drawings in the royal collection, of which these are the principal and most famous examples and, in their strange and peculiar way, they are truly shocking things.

Their capacity to shock is nothing to do with content or subject-matter. Here are simply Tudor lords, ladies or gentlemen as may be, registered in a

William Packer reviews the Holbeins at the Scottish National Gallery

consistent half-length format that celebrates directly either their opulence or power, though all are evidently comfortable. Rather they are presented with a most disarming and intimate naturalism, at it is precisely this quality of naturalism that makes them so shocking. It is a shock of recognition still potent across the centuries, a shock of shared experience and common humanity. There these people are, young or old, beautiful or ugly, as fresh on the page as the day Holbein sat down to draw them, his friends and acquaintances, in such conversational ease. And with this naturalism, too, we catch perhaps that first shift of sensibility, which marks the cusp between the medieval and the modern. Perhaps it is that which is so shocking.

Holbein made two extended visits to England, the first in 1526 as a young artist in his late twenties, when he came from his home at Basle to work very much under the wing of the King's new Lord Chancellor, in which office he had succeeded the disgraced Cardinal Wolsey. Sir Thomas More and his family. He went home again in 1528, returning to London in 1532 when he began to work rather more

in the orbit of the Court itself. This second visit, behind which we sense rather more the looming presence of the King, saw not only the death of More, but the rise and fall of many of his new sitters, these heads, ambivalent and wistful by turns, that we know all too well were so soon to roll. And it is by no means fanciful to detect, between the two groups into which the drawings naturally fall, a marked difference of mood and feeling. It is not so much that the intimacy is any the less, but there is even so an emotional distance in the late works that was not there before. At ease he might be with the young Earl of Surrey or Sir Thomas Wyatt, and even friends, but yet the engagement is something more of a professional objectivity. With More and his family we cannot but feel that the artist felt himself entirely at home, and in such delicate images as those of More's ward, the youthful Anne Cresacre, or of Cicely Heron, his daughter, we have drawings of an immediacy and tenderness as any in the entire canon of western art.

Technically the drawings are no less astonishing, worked as they are with an extraordinary economy of line and a quality of modelling through the form that leaves as much described by inference as actual statement. Many of the drawings of the later period are heavily reinforced in the outline in black ink. This was long thought to be an effort at restoration by a later, heavier hand, and the question is still controversial. But these are the working studies of a portrait painter, and it does seem that Holbein shifted from his earlier pin-prick method of transfer to one of actual tracing over a prepared ground. The key lies perhaps in the quality still evident for the most part in that tracing hand, the line still lively and effective in its inflection. Holbein is still there.

Holbein and the Court of Henry VIII: drawings and miniatures from the Royal Library at Windsor; The National Gallery of Scotland, The Mound, Edinburgh, until September 26; sponsored by Capital House

Opening concert sets the theme

The opening concert at Edinburgh sets the festival theme. A featured composer has always tended to be part of the music programme, but as the number of festivals proliferates, it is increasingly important for artistic directors to make sure that their festival looks different from the others.

In his first year as Festival Director, Brian McMaster made 1992 the year of Tchaikovsky, canily anticipating his centenary before other festivals could get to it. This year he has avoided all three of the big anniversary composers (Grieg, Tchaikovsky, Rakhmaninov), which has turned out to be unnecessarily cautious, as nobody else is paying them much serious attention either. In their place we have Schubert and Janáček.

The festival programme describes the two composers as a "complementary and contrasting coupling". This is another way of saying they have nothing in common. One was central to the Austro-German tradition; the other wholly outside it. One was a composer of youth; the other nearly 50 when his first major work was performed. Janáček is remembered primarily for his operas, a genre in which Schubert never enjoyed much success. At least the festival audience will have varied fare on its menu.

If I had been planning the festival, I would have opened with Janáček's *Symphonie*, which bursts into life with a blazing fanfare of massed trumpets. McMaster preferred the snide derived by Václav Talich from the opera *The Cunning Little Vixen*, a misleading start as the music sounds more like Strauss in Talich's heavily romantic re-

orchestration.

The welcome novelty of the evening was a rare cantata by Janáček called *Amoroso*. Ostensibly because the local community has turned against his mother, a young man is consigned to a monastery, where he lives a miserable life until he dies one day on his mother's grave, after watching a pair of young lovers. All the Janáček themes that were to become familiar are here: social prejudice, death as a release from suffering, the renewal of life. But the music is strangely stagnant, except when it hits upon a perky little theme for - of all things - the poor man's funeral march. Stefan Margita sang the tearful role of Amoroso without excessive morbidity.

To end: not Janáček's *Glagolitic Mass*, as might have been expected, but Schubert's lyrical *Mass* in A flat - fairly unfamiliar music again. The Edinburgh Festival Chorus claims the opening concert by right and sang with all its usual fervour, though smaller professional choruses these days can bring to music of this period a sharper focus and greater exactitude of pitch. Walter Weller conducted the Royal Scottish National Orchestra and a good quartet of soloists, led by Yvonne Kenny, with the mellifluous trio of Fiona Janes, John Mark Ainsley and Andreas Schmidt in support.

In retrospect, there is one feature that these two composers have in common: both wrote interesting pieces of music that deserve a wider hearing. The prospect of speeding the three weeks of the festival in their company raises one's spirits.

Richard Fairman

Anne Cresacre by Hans Holbein (1497-1543)

The Brecon jazz festival jumps with talent into the early hours

The glorious contrasts and incongruities of the Brecon Jazz Festival set it apart from the more urbane, metropolitan happenings of summer. Trad, mambo, swing and bebop permeate the comfortably fraying fabric of the Welsh market town, running together happily. While a samba army rattles the sash windows of The Bulwerk, a street-corner barber's shop quartet holds its own against the spiky young fusionists in the museum car park bandstand. In the main square, two apprehensive Chet Baker soundalikes are scattered from their hushing pitch by a weighty New Orleans marching band advancing noisily from the top of the town.

Hastily regrouping before their audience is carried along in the band's wake, they turn to find a second, bigger band bearing down on them, at full steam, from the other end of town.

This year's contrasts were carried into the concert hall programming: at midnight on Friday, pianist Hank Jones' Trio could be found dispensing sweet standards in the tranquil setting of Christ College's school hall, while Julian Joseph and his quartet drowned out the late-night boozers in the Guildhall with their cavernous British neo-jazz. Earlier, in the cavernous market hall, which smelled less of sheep this 10th anniversary year, Lionel Hampton swung his Golden Men of Jazz with the kind of vim you would not reasonably expect of any 55-year-old other than Hampton (except maybe Stéphane Grappelli, who climbed on to the same stand on Sunday).

Helped in his directing by trombonist Al Grey, splendid in pith helmet and wing

collar, Golden Men, such as trumpeters Harry "Sweets" Edison and a languid Clark Terry were pushed along by the vamping piano of Junior Mance, Arvell Shaw on bass fiddle, and the singing drummer, Grady Tate.

If Hampton looks frail negotiating the stairs to the stand, he is rejuvenated when reunited with the vibes. More than that, he is difficult to dislodge once the swinging starts. "We'll be back," he said as Grey tried to prise his sticks from him for the interval, "we gonna feed the sheep."

As Hampton was reluctantly leaving the

Garry Booth enjoys the Golden Men and much more in the Welsh hills

stand, a sprint across town was needed to catch Hank Jones meshing neatly with drummer Idris Muhammad and bassist Heyn van der Geyn. Romantic but fleet pianist, moving from Weill to Kern via Joe Henderson, the equilateral sound of the trio is both tight and soothing.

McCoy Tyner, in a rare solo performance, later filled the same space with torrential originals and supercharged standards. Gathering up fistfuls of notes with the right and throwing down clumps of chords with the left, Tyner hums with ideas: even when the musical fireworks are not exploding, the shapes and hues in each hiatus are hypnotic.

Trumpet players at either end of the gravitas spectrum were well represented.

Australian multi-instrumentalist, James Morrison, comes over like a ribald Muppet but plays the horn like Gabriel. His self-deprecating wit - "we don't do requests... unless we're asked" - and unstinting mickey-taking of brother John, the drummer, hells an indecent manner of trumpet, flugel, trombone and euphonium. Things Ain't What They Used To Be" featured Morrison duelling by himself, trombone multiphonics in one hand and searing trumpet in the other. If it were not for the brother mugging furiously behind, it could almost be too much of a good thing.

Trumpet virtuoso, Wynton Marsalis, is sometimes criticised for being too good to too much. The control and purity of tone required for the concerto have no place in jazz, say the unconverted. Jazz favours a flawed beauty, according to conventional wisdom, and although Marsalis is steeped in the New Orleans tradition, he has insufficient demons to progress the genre, they say. But with these six young men around him, he convinces me: walking through a marching blues, alongside the caustic clarinet of Walter Blanding, swaying in a funeral dirge with Wyllife "Pine Cone" Gordon on plunger-muted trombone, or zipping through a bebop piece with the full ensemble in tight harmony, he is hard to fault in any department.

The superstars do not steal the show entirely at Brecon, however. And the pubs, hotels and temporary stands around town jump with talent until the early hours. Flying ants, intrusive BBC crews and the ubiquitous pavement pizza aside, Brecon remains night-on jazz heaven.

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Promenade concerts

Takemitsu and Maxwell Davies

The title, *From me flows what you call Time*, was the most cumbersome thing about the Toru Takemitsu work performed at the Albert Hall (British premiere) on Saturday. In other respects, any more picturesque offering from this year's BBC Proms schedule is hardly imaginable.

Written for the Canadian five-man percussion ensemble Nexus to play with the Boston Symphony Orchestra during the 1990 celebrations of the New York Carnegie Hall's centenary, the piece developed its musical rationale (and title) out of the Japanese composer's vision of "100 years of time flowing through the man-made space, so full of special meaning, called Carnegie Hall". The result is an "architectural" composition - designed (as were, say, Berlioz's *Grande Messe des morts* or Messiaen's *Couleurs de la cité céleste*) to fill out a large space in a manner combining spectacle, ritual, and a vibrant awakening of the space in question.

The Albert Hall is always an ideal space for such awakenings; and certainly, it afforded ample room for Takemitsu's 30-minute rainbow of sonorous effects. The five Nexus players, each one an extraordinary virtuoso, entered on by one with bells in hand to join the already-playing orchestra (BBC Symphony under Andrew Davis); their five widely-separated banks of exotic percussion instruments formed part of the visual fascination (the front two each connected by long coloured streamers to a set of wind-chimes hanging "stereophonically" from left- and right-hand balconies).

In a sense, the music is no more than a five-person percussion concert, simply shaped in its connected movements, with

diverse exquisite combinations of soloists (some improvised upon a basis of "free" notation) set against a light, airy orchestral background (surprisingly sweet-toothed and succulent at times). In another and perhaps more important sense, it seems to be a tapestry of responses to the natural world, evoked in contemplative mood and designed with mastery and entirely unobvious skill to achieve the same in its listeners.

In a clever feat of Proms planning, Saturday's programme (which also included Mozart and Tippett) balanced the Takemitsu with another musical act of nature contemplation, albeit of a very different - western late-Romantic - kind. Janice Watson, a young lyric soprano of boundless potential, sang the closing scene from Strauss's opera *Daphne* in tones remarkably unforced and steady, not sumptuous but always cleanly floated. Her final wordless arabesques - Strauss's lambent evocation of a woman turned into a laurel tree - were pure delight.

Max Loppert

The Prom on Friday brought the return of a major British work from the 1980s. The Second Symphony of Peter Maxwell Davies was heard at the Proms shortly after its Boston premiere in 1981 and memories of it as a large-scale symphony that was easy to approach were largely borne out.

Not that one would have thought so from the audience response. At the end of the first movement a large number of people (more than 100) left their seats and headed for the exit door; after each of the

second and third movements the ritual was repeated, as a mass departure gathered momentum. Davies was conducting the performance and from the podium he watched the audience disperse with a wry smile and no small measure of patience.

The irony is that the Davies we hear in this symphony (unlike the younger composer with his fondness for parody and violence) is consciously trying to beguile the senses. References to Debussy's *La Mer* in the programme were well chosen. The wavelets of wind scales trickling away at the end of the first movement, the glitter of percussion, the aqueous clarity of the orchestral textures - everything has an impressionist feel to it.

According to the composer's own description, the symphony was inspired by the sounds and behaviour of the sea. Various wave-types are detailed as being especially formative, although I doubt that a listener could pick out much of that without being told in advance. What one hears is rather less than a symphony, more the ebb and flow of imaginative washes of sound. There is little strong thematic material in the foreground, but the general ambience is very expressive.

It seems best to take it on trust that the BBC Philharmonic's performance was not according to the composer's wishes. The attractive features of the symphony, not to mention its scale, suggest that this is a Davies work that should still be in circulation a further decade hence, by which time one hopes the audience will be prepared to bear it through.

Richard Fairman

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Marc Albrecht conducts Gustav Mahler Youth Orchestra in works by Musorgsky and Bruckner, with Dmitri Hvorostovsky. Tomorrow and Sun: violinist Thomas Zehetmair directs Amsterdam Bach Soloists in concertos by Bach and Handel. Fri: Arpad Joo conducts the Brabant Orchestra in Wagner, Tchaikovsky and Brahms, with piano soloist Rian de Waal. Sat: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Tchaikovsky and Dvorak, with piano soloist László Gerencsár (24-hour information service 875 4411, ticket reservations 871 8345).

ANTWERP

An international festival for cathedral boys' choirs takes place at various churches from Aug 22 to 29. Bordin Trio gives a concert at deSingel on Aug 25. Oslo Philharmonic Orchestra conducted by Mariss Jansons give a concert on Aug 30 (Antwerp 93: information

from Grote Markt 29, B-2000 Antwerp, tel 03-226 9300; booking by telephone from Tele Ticket Service tel 070-233233 or in person at FNAC, Groenplaats, 2000 Antwerp)

ATHENS

The final performances of the season at the Ancient Theatre of Epidaurus are on Sat and Sun, when State Theatre of Northern Greece presents Aeschylus' *The Seven Against Thebes*. Tickets are available daily at the Athens Festival box office (322 1459) or at the theatre of Epidaurus on Thurs, Fri and Sat (0753-22006).

CHICAGO

RAVINIA FESTIVAL Tonight, tomorrow, Thurs: Zubin Mehta conducts Israel Philharmonic Orchestra in three different programmes, including Beethoven's Violin Concerto (Pinchas Zukerman) and symphonies by Bernstein, Sibelius and Mahler. Fri and Sat: Broadway comes to Ravinia, with selections from Sondheim, Lloyd Webber and others performed by the festival orchestra, chorus and soloists. Sun: Fats Domino. Next Mon: Jean-Pierre Rampal flute recital. The festival runs till early September. All concerts are broadcast to the lawn for outdoor listening. Lawn admission is always available (Tel 312-728 4842 Fax 708-493 4582).

COPENHAGEN

Thurs Tonight and tomorrow: Paavo Berglund conducts Chamber

Orchestra of Europe in two programmes including symphonies by Haydn, Beethoven and Sibelius. Thurs: Cheryl Studer sings Italian opera arias. Fri: Jessye Norman song recital. Sat: Claus Peter Flor conducts Danish Radio Symphony Orchestra in works by Beethoven, Mozart and Mendelssohn. Aug 25: concert performance of Verdi's *Otello*. The summer concert season runs till Sep 19 (3315 1012).

LONDON

THEATRE

● An Inspector Calls: Stephen Daldry's award-winning National Theatre production of the J.B. Priestley classic transfers to the West End for a limited season. Previews from Sat, opens Aug 25 (Aldwych 071-836 6404).

● A Connecticut Yankee: New Shakespeare Company's revival of a rare Rodgers and Hart musical, performed in the garden setting of Regent's Park. In repertory with two Shakespeare plays, *Romeo and Juliet* and *The Taming of the Shrew*. Season runs till Sep 11 (Open Air 071-486 2431).

● Time of My Life: a serious new Alan Ayckbourn play, with Anton Rogers and Gwen Taylor (Vaudeville 071-856 9887).

● The Cenci: a tragedy in blank verse by the English Romantic poet Percy Bysshe Shelley, his only completed stage play (1819). Previewing tomorrow, opens on Thurs, runs till Sep 11 (Lyric, Studio 081-741 2311).

● Much Ado About Nothing: Shakespeare's romantic comedy, directed by Matthew Walcutt, starring Janet McTeer and Mark

Rylance (Queens 071-494 5040).

● Macbeth: final week of Richard Eyre's production with Alan Howard as Shakespeare's anti-hero. National Theatre repertory also includes *The Madness of George III*, Alan Bennett's award-winning history play starring Nigel Hawthorne (National 071-928 2252).

● Separate Tables: Peter Bowles and Patricia Hodge in Peter Hall's production of the Terence Rattigan double bill about hotel guests trying to come to terms with the ageing process and loneliness (Albery 071-867 1115).

MUSIC South Bank Centre Tonight and tomorrow in QEH: North Indian classical music, with Munshi Razuuddin Ahmed and group. Tomorrow, Thurs, Fri, Sat, Sun, Mon in RFF: Steve Reich's *The Cave*, music and video-theatre epic based on the biblical story of Abraham and the Cave of the Patriarchs, performed by 13 musicians and four singers in front of five huge video screens (071-928 8800).

Royal Albert Hall BBC Proms: in tonight's concert, Sir Edwardes conducts Dockland Sinfonietta in works by Part, Britten, Dallapiccola and Mozart, with soprano Joan Rodgers. Tomorrow: Kurt Sanderling conducts ECHO in Brahms and Rakhmaninov. Thurs at 18.00: Andrew Davis conducts BBCSO in world premiere of Nicholas Sackman's *Hawthorn*, plus works by Koechin, Prokofiev and Debussy. Thurs at 22.00: Wynton Marsalis Band. Fri: Jerzy Maksymiuk conducts BBC Scottish Symphony Orchestra in works by Mendelssohn, Sibelius, Rakhmaninov and Kodaly, with piano soloist Jean-Philippe

Collard. Sat: Stephen Kovacevich conducts National Youth Chamber Orchestra. Sun: Davis conducts BBCSO and Chorus in Darius Milhaud and Elgar, with Thomas Allen, Jean Rigby and Kathryn Stott. Next Mon and Tues: Mariss Jansons conducts Philharmonic (071-589 8212).

PRAGUE

● The new season at Prague State Opera opens on Thurs with *La traviata*, followed by *Rigoletto*, *Il trovatore* and *Un ballo in maschera*. Booking at Bohemia Ticket International (261 883/228738). The National Theatre reopens on Sep 6 with Smetana's *The Secret* (205364). There will be a series of Mozart opera performances at the Estates Theatre next month starting with *Die Zauberflöte* on Sep 7 (228658).

● Prague Male Chorus gives a concert today at 17.00 at St Mikulas Church in Mala Strana, with a programme including works by Petr Eben and other living Czech composers. The music programme over the coming week includes a concert by Traditional Jazz Studio tomorrow and a recital of Haydn, Beethoven and Dvorak by Kuba Quartet on Thurs. Tickets and information from FOK, U Prasne brany (232 2501).

WASHINGTON THEATRE ● The Kentucky Circle: Robert Schenkkan's tale of three families who settle, fund and die for the hills and hollows of eastern Kentucky. The play, divided into two parts

played on separate evenings, spans 200 years of American history, with a cast of 20 portraying 72 roles. Opens on Sat and runs till Oct 23 (Kennedy Center Eisenhower Theater 202-467 4800).

● Down the Road: Lee Blessing's psychological drama examining America's obsession with violence. Till Aug 28 (MacDougal Street Repertory Company at District of Columbia Arts Center 301-602 2440).

● Shadowlands: a love story by William Nicholson based on the life of C.S. Lewis and his American wife. Till Sep 5 (Olney Theater 301-924 2739).

● Kvetch: Steven Berkoff's comedy opens on Thurs and runs till Sep 26 (Woolly Mammoth 202-393 3939).

MUSIC Wolf Trap Thurs and Sat: Wolf Trap Opera Company presents *Le nozze di Figaro*. Fri: Statler Brothers, country music. Sun: Judy Collins. Next Tues: Natalie Cole (1824 Trap Road, Vienna, Virginia, 703-218 6500).

Merrifield Post Pavilion Tonight: The Beach Boys. Tomorrow: BB King Blues Festival. Sat: Double Brothers. Next Tues: Dance Theatre of Harlem. Aug 30: Jethro Tull and Procol Harum (301-982 1800).

ROTTERDAM De Doelen Tomorrow: Marc Albrecht conducts Gustav Mahler Youth Orchestra in Bruckner's Fifth Symphony. Next Wed: Rotterdam Philharmonic Orchestra. Aug 30: Andras Schiff (217 1717).

ARTS GUIDE

Monday: Performing arts guide city by city. Tuesday: Performing arts guide city by city. Wednesday: Festivals Guide.

Thursday: Festivals Guide. Friday: Exhibitions Guide.

European Cable and Satellite Business TV (All times are Central European Time).

MONDAY TO THURSDAY Super Channel: European Business Today 0730; 2230. Monday Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630.

Wednesday Super Channel: Financial Times Reports 2130. Thursday Sky News: Financial Times Reports 2030; 0130. Friday Super Channel: European Business Today 0730; 2230.

Sky News: Financial Times Reports 0530. Saturday Super Channel: Financial Times Reports 0530. Sky News: West of Moscow 1130; 2230. Sunday Super Channel: West of Moscow 1830. Super Channel: Financial Times Reports 1900. Sky News: West of Moscow 0230; 0530. Sky News: Financial Times Reports 1330; 2030.

Throughout his five-and-a-half years as European Commission budget commissioner, Mr Peter Schmidhuber has been virtually invisible to the public eye.

A master of the long and winding subordinate clause, his ponderous manner and penchant for grey suits fit the popular image of the German public servant dedicated to fulfilling the most thankless tasks, in his case supervision of the annual Ecus8bn budget.

Yet there is another side to Mr Schmidhuber, which belies his reputation as one of the least inspiring members of the European Commission. A native Bavarian, he has a stubborn streak which hursts into occasional declarations of independence.

He boycotted the emergency session called by Commission president Mr Jacques Delors 12 days ago to discuss the exchange rate mechanism debate. He let it be known the meeting was more a talking shop than a decision-taking forum, and remained in his vacation home in the Austrian Alps.

Mr Schmidhuber's independent character also means that he is receptive to ideas which might be shunned by some commissioners. For instance, he has long been an advocate of Austria's entry into the Community, arguing that membership would strengthen its ties with south-eastern Europe, including the Balkans. He has also suggested that the 17 commissioners should be elected directly by the European Parliament, a step which would diminish national patronage but would make the Commission more accountable.

What is most striking about Mr Schmidhuber's EC career is how he has exploited his low profile to accumulate power in the Brussels bureaucracy.

Mr Schmidhuber plays several important roles. His main job is chief financial controller, monitoring how and where the Community budget is spent. But he is also in charge of the Community's fight against fraud. And last year he took over responsibility for the Cohesion Fund, which will hand over more than Ecus15bn to Greece, Ireland, Portugal and Spain over the next seven years to enable these poorer EC member states to meet Community environmental standards and improve their transport and communications infrastructure.

His immediate task is to

Powers of an invisible man

Peter Schmidhuber, EC budget commissioner, talks to Lionel Barber about the cash crisis



Schmidhuber: 'He who bears the cross will attain salvation'

tackle the latest EC financial crisis, triggered by lower-than-expected growth and the recent debate in Europe's currency markets, which has led to a devaluation of the Ecu - the currency in which most of the Community's budget is denominated.

Spending constraints have forced the Commission to

freeze 965 posts and rigorously

enforce expenditure limits. Staff have

started complaining that broken-down

equipment such as photocopiers are not being

replaced, while core activities such as trade

missions are suffering because of travel cuts.

The squeeze is set to continue next year because of a

surge of almost 20 per cent in pension costs. The reason: young

Eurocrats who entered the European Economic Community in 1958 after the Treaty

of Rome are now approaching the retirement limit of 60.

"We are already feeling the

pinch," said Mr Schmidhuber in an interview before the effective collapse of the ERM, "but there is a saying in Germany: 'He who bears the cross will attain salvation'."

Mr Schmidhuber's designated cross is the European Parliament. MEPs are pressing for more influence over the budget, partly in anticipation

of new powers on "co-decision" which the parliament will gain once the Maastricht treaty is ratified by all 12 member states.

But the present impasse also points to unfilled budget

business at last December's summit in Edinburgh.

Although EC leaders agreed to a seven-year budget deal which raised spending from 1.2 per cent of Community gross

domestic product to 1.27 per cent by 1999, parliament is withholding approval. MEPs are sticking to two demands: an increase in influence in shaping non-discretionary

spending, such as the Ecus35bn farm budget; and a "revision clause" allowing for a fresh look at spending levels on January 1 1995.

This is the somewhat ambitious date set for the entry of Austria, Finland, Sweden and Norway into the EC. Mr Schmidhuber points out that it would be a natural point at which to re-examine the Edinburgh budget assumptions. If the Nordic newcomers turn into net contributors, this could create fresh resources for those areas, such as EC foreign policy and research spending, which were short-changed, he says.

The call for more money falls into familiar categories. First, the Community budget, at only 2.4 per cent of the total public expenditure of member states, is small; second, the EC continues to take on new tasks, such as aid to eastern Europe; third, the Common Agricultural Policy, though nearly 50 per cent of the total budget, is declining and remains modest.

Critics counter that the Community continues to suffer from a cultural bias in favour of spending. This stems from its traditional role of launching policies in partnership with member states, without a corresponding mechanism for measuring their success.

This is particularly true of the Structural Fund, the development aid programme which with a budget of Ecus141.5bn between 1994-99 is designed to help the EC's poorer regions; but it also explains why billions of Ecus have been wasted in the agricultural budget in various milk, olive oil and tobacco scandals, mainly in the Mediterranean countries.

Mr Schmidhuber says studies on Structural Fund spending are carried out every three years, but he concedes that clear answers are elusive. "If you run a bicycle shop, you can tell after a year whether it was a good idea or not. You can tell if you made a profit or a loss. But it is not that easy with public investment."

Yet the Maastricht treaty's emphasis on "subsidiarity" - devolving responsibility from Brussels to national and local level - must surely force the Commission to develop new types of management skills and better information flows to establish whether EC policies are working.

Mr Schmidhuber suggests that the increasing use of external consultants shows the Commission is moving in the right direction. But even the low-key commissioner admits that much more needs to be done.

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This is the somewhat ambitious date set for the entry of Austria, Finland, Sweden and Norway into the EC. Mr Schmidhuber points out that it would be a natural point at which to re-examine the Edinburgh budget assumptions. If the Nordic newcomers turn into net contributors, this could create fresh resources for those areas, such as EC foreign policy and research spending, which were short-changed, he says.

The call for more money falls into familiar categories. First, the Community budget, at only 2.4 per cent of the total public expenditure of member states, is small; second, the EC continues to take on new tasks, such as aid to eastern Europe; third, the Common Agricultural Policy, though nearly 50 per cent of the total budget, is declining and remains modest.

Critics counter that the Community continues to suffer from a cultural bias in favour of spending. This stems from its traditional role of launching policies in partnership with member states, without a corresponding mechanism for measuring their success.

This is particularly true of the Structural Fund, the development aid programme which with a budget of Ecus141.5bn between 1994-99 is designed to help the EC's poorer regions; but it also explains why billions of Ecus have been wasted in the agricultural budget in various milk, olive oil and tobacco scandals, mainly in the Mediterranean countries.

Mr Schmidhuber says studies on Structural Fund spending are carried out every three years, but he concedes that clear answers are elusive. "If you run a bicycle shop, you can tell after a year whether it was a good idea or not. You can tell if you made a profit or a loss. But it is not that easy with public investment."

Yet the Maastricht treaty's emphasis on "subsidiarity" - devolving responsibility from Brussels to national and local level - must surely force the Commission to develop new types of management skills and better information flows to establish whether EC policies are working.

Mr Schmidhuber suggests that the increasing use of external consultants shows the Commission is moving in the right direction. But even the low-key commissioner admits that much more needs to be done.

The chancellor's dilemma: an inside view

Painful adjustments



Why have we, as a nation, chosen to borrow so much? Why are we, living beyond our means by about 3 per cent of our national income?

There is a simple explanation.

In the 1980s our spending habits were based on a national income boosted by oil revenues. In 1985 the value of the oil price fell when the oil price fell. Revenue has subsequently fallen further as oil output has declined. We have failed to adjust our spending to that loss of income. Our balance of payments went into deficit in the late 1980s and has been in deficit ever since.

The economic adjustments required by the arrival and departure of North Sea oil are complex. When the oil revenues first arrived the result was a balance of payments surplus, and optimism about its future, drove up the exchange rate. Manufacturing industry shrank in consequence, and we had a national debate about the perils of industrial decline.

What will happen, people asked, when the oil runs out, and we haven't enough capacity to export manufactures instead? The answer, obvious to many economists but received with scepticism by businessmen, is that if a high exchange rate can cause manufacturing industry to shrink, a low one can cause it to expand. As the oil revenues dwindle, the exchange rate will fall, and manufacturing industry will expand again.

Until 1986, when Britain had a large and growing unearned income from its oil rents, we all enjoyed extra spending power which came to us in two ways: the government's oil revenues allowed it to hold taxes lower than would otherwise have been the case, while the high exchange rate made imports cheaper. So we could afford to import goods previ-

ously made here and use the domestic resources thus freed to improve living standards by providing more services.

That is what has happened in every country in which that has benefited from a mineral discovery. It was not a coincidence that thousands of new restaurants opened in the UK in the 1980s while local industries went to the wall. The same has happened after every gold rush in history.

But when the mineral boom is over and the rents start to dwindle, the supply side of the economy needs to readjust. More goods and services have to be produced for sale abroad. The only way of achieving that is via a fall in the exchange rate, which shifts resources previously producing goods for domestic consumption into the export sector. In the UK case, as we shall see, that probably means shifting resources out of the service sector and back into manufacturing industry.

In other words, the loss of the oil revenues means a reduction in our standard of living. And that comes about in two ways: a lower exchange rate makes imports more expensive, and higher taxes reduce disposable incomes.

I have no doubt that economic historians will see the fall in the exchange rate last September after sterling's exit from the exchange rate mechanism and the subsequent increases in taxes as part of an inevitable adjustment process to the loss of the North Sea revenues. The only puzzle in this story is why we had to wait until 1992-93 before adjusting to a fall in the oil price which took place as long ago as 1986.

In fact the exchange rate did fall in 1986. But the fall was quickly reversed by the boom of the late 1980s which

generated worldwide interest in what was briefly dubbed the British miracle. Mrs Margaret Thatcher (as she then was) won a third term of office, taxes were cut, growth accelerated, and international companies stampeded to invest in the UK. The inflow of capital drove up the exchange rate and stopped its tracks the adjustment to lower oil prices that was just starting.

It also made any adjustment unnecessary - for a while. Lower oil revenues meant that, sooner or later, the UK consumer would have to retrench. But the evil day could be put off as long as foreigners were willing to lend. So in the late 1980s, far from cutting back in response to the fall in the oil price, we embarked on a spending spree. Much of that extra spending was on imports, not paid for by oil revenues but by borrowing. It didn't matter. Because UK plc was flavour of the month, and everyone wanted to lend to us.

The boom of the late 1980s was a service sector boom. Business investment increased sharply, but casual observation suggests that much of that investment took the form of office blocks, shopping malls, and DIY superstores. The statistics confirm the evidence of the eyes: 95 per cent of the increase in investment between 1985 and 1989 was in the service sector, and nearly half went into the City.

The extra investment improved living standards - but did it enhance Britain's ability to earn its way in the world? In theory there is no reason why we should not do that by exporting services. An improvement in Britain's balance of trade does not have to come from manufacturing; in practice however, despite the

massive investment of the late 1980s in services, the export of services actually fell slightly as a share of gross domestic product.

I conclude that the adjustment to a world of lower oil revenues will require a shift of resources out of services and into manufacturing. That adjustment has already begun, because the recession has been worst in the south, where services predominate, while the manufacturing north has escaped relatively lightly. The priority now is to ensure that the resources freed up by recession are absorbed again by manufacturing (or other industries whose output can be sold abroad and/or replace imports). They must not be pre-empted, as happened in the late 1980s, by another domestic service sector boom.

It was Winston Churchill, as chancellor, who said of the return to gold in 1925: "I would rather see finance less proud and industry more content." The fall in the exchange rate last September (analogous in many ways to coming off gold in 1931) achieves exactly that. It is the key to the expansion of manufacturing, which is why we have seen a rise in output this year despite flat retail sales.

One aim of monetary policy must now be to ensure that the competitive advantage delivered by Black Wednesday remains intact. If that means lower interest rates, then an increase in taxes (or cut in public spending) will be all the more necessary to curb the resulting growth in domestic demand. Low interest rates and higher taxes: that is how to ease our economic adjustment to dwindling oil revenues.

Bill Robinson

The author is former director of the Institute for Fiscal Studies and was a special adviser to the former chancellor, Mr Norman Lamont.

The puzzle is why we had to wait until 1992-93 before adjusting to the 1986 fall in the oil price

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand-written. Please set fax for finest resolution

Public smoking epidemic keeps US visitors away from Europe

From Dr M Singer.

Sir, Your article on the decline of US visitor numbers ("Cheap money is no bargain", August 7/8) misses an important reason for the current reluctance of Americans to visit Europe.

On October 14 1777, Mozart wrote from Augsburg in Germany about his visit to a coffee-house. "When I entered I thought that I should drop down, overcome by the stink and fumes of tobacco. But with God's help I had to stand if for an hour, and I pretended to enjoy it all, though to me it seemed as if we were in Turkey."

An epidemic of public smoking has spread through mainland Europe. From railway stations waiting rooms to restaurants, from theatre foyers to taxis, from hotels to hospitals, the visitor is condemned to the situation endured by Mozart. The UK is better, but not by much. How charming the intimate little restaurants are - if you do not mind a sore throat, streaming eyes, and all your clothes needing cleaning.

Complaints are met by amused shrugs at the fussiness of Americans. The trouble for the European tourist industry is that those fussy people go back home and pass on the word to all their busy friends.

Most Americans do not smoke, and do not like smoke. The Americans with most money to spend are those who dislike smoke the most. European restaurants, publicans, and others who earn much of their living from the tourist trade, may not be aware of the full cost of that smoking habit.

Mozart stayed two more weeks in Augsburg, but he did not return to the coffee-house - nor to Augsburg. M Singer, 414 Sea Side Drive, Apartment 12, Delray Beach, Florida 33433

Options rise can stabilise copper market

From Mr Christopher Green.

Sir, Kenneth Gooding's article "Copper market responds to 'rogue element'" (August 13) gives the impression that the massive increase in option activity in the copper market over the past few years has been disruptive and destabilising. However, I believe the opposite to be the case.

Primary copper producers and others are developing a keen appetite for options. The granters and users of options are the new managers of risk and the principal providers of liquidity, and even of greater stability in the marketplace. They will help avert - or at least mitigate - critical times in the future.

Gooding correctly paraphrases my remarks in Metals and Minerals Annual Review on the subject of London Metal Exchange warehouses in other key industrial areas. But I was deliberately non-specific about suitable new locations.

I believe that LME warehouses in the US for copper (the LME has them for all other base metals) would seriously threaten the continued viability of the Comex copper market, which is the only base metal futures contract in the US.

The arbitrage between the LME and the Comex copper contracts would be undermined and destroyed. Valuable liquidity would be lost to the LME and might not be adequately replaced, at least in the near term, by other business from the US.

Finally, your leading article "A scrap over aluminium" (August 13) addresses the European Community restrictions on aluminium imports from the Commonwealth of Independent States.

The European aluminium producers who pressed for those restrictions clearly had their heads firmly in the sand while, Canute-like, they commanded the waters to recede.

This attempt to gain EC protection demonstrates a lamentable lack of comprehension of how the market works. The aluminium market is international and the price will not be affected by the EC restrictions on imports of CIS material. Christopher J B Green, Harrogate Metals, 6th floor, 2 Minster Court, Wharfedale Lane, London EC8B 7BB

The heavy burdens of competition law

From SL Slicks.

Sir, The need for competition law reform is undeniable as the points in "Competition on the back burner" (August 10) make clear.

However, there are two further points that should be added.

First, the Court of Appeal has added to the burden of the Office of Fair Trading. As a result of a decision in 1991 it is incumbent on the OFT to establish not only that individual employees have participated in a registrable agreement - which can be difficult - but also that in participating in such an agreement they were acting within the scope of their authority. This is even more difficult to show.

Second, the opportunity exists for someone who is affected by the unlawful operation of a registrable agreement to sue for damages any party which gives effect to it.

One example of this occurred some years ago when four companies paid to the Post Office approximately £3m in an out-of-court settlement. The money was paid by way of an admission to prices charged under a registrable, but unregistered, agreement.

However, this remedy is rarely used by the victims of market-sharing and price-fixing cartels.

Perhaps if more businesses made use of this remedy the government might consider it

desirable to accelerate the introduction of legislation reforms.

For the present, the government is being meanly-mouthed. It retains competition legislation that is not up to the job and which imposes unnecessary burdens on many small and medium-sized companies. But at the same time it heralds its devotion to competition and to freeing businesses from the burden of red tape.

Without government action, competition will be more in the refrigerator than on the back burner.

SL Slicks, Fox Williams Solicitors, City Gate House, 39-41 Finsbury Square, London EC2A 1JU

Credit terms too favourable

From Mr David Rex.

Sir, Readers may have been surprised by the revelations on discounting contained in the Winkler marketing survey ("Watch those freebies", 10 August). But those findings are likely to represent only part of the picture.

In the work that my organisation does with companies on their trade receivables I have been surprised by the extent to which extended credit terms have been granted - often, as with discounting, in the belief that such terms are a precondition of remaining competitive.

I refer not to the late payment of debt but to the formal sanctioning of credit periods of double or more the supplier's preferred terms. Such terms

can be especially attractive within the organisation as, unlike most forms of direct discounting, the impact is often not measured as a cost of sale and is therefore more readily perceived as a no-cost option by those who grant it.

Looking at these activities in the context of your editorial of the same day ("Profits please") perhaps managements and leader writers should remember that it is not government or wage bargainers who are the prime determinators of profits and margins.

David Rex, David Rex Associates, 131 Newnham Road, Worsash, Hampshire, SO3 8GY

Commercial traveller sees the world

From Mr A L Brend.

Sir, I was interested to read of Peter Job's travels (Observer, "On the job", August 6).

My own travels this year have covered 27 countries (including holidays and exchange visits). Throughout my career the number is 199. I suspect, however, that I am much older than Mr Job!

A L Brend, chief executive, Commercial Union, 6 Broadgate, Level 7, London EC2M 2QS

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Tuesday August 17 1993

Speculators as the scapegoats

TRUE TO past form, a number of European policymakers, notably in France and Belgium, have reacted to the exchange rate mechanism debacle with loud calls for measures to curb speculation, condemned as either errant or malicious. These politicians reveal a worrying misunderstanding about markets. But they are right in their belief that the European Community cannot return to where it was a few weeks ago. What it must not do, however, is to go further backwards still, to the era of exchange controls.

Belgium's finance minister, Mr Philippe Maystadt, has condemned currency speculation as "a type of transaction which does not even have any rules, no costs and no taxes". Earlier, Mr Edouard Balladur, the French prime minister, argued: "The crisis wasn't due to concern about the franc itself, but to a desire to destroy the European monetary system." This, he added, was because speculators want the world's currencies to float freely so they can make more money.

These views would be funny if they were not so disturbing. Mr Balladur seems unaware that even a shrewd speculator is unlikely to make a consistent killing in a free market. The most profitable currency markets are ones in which governments put themselves forward as pigeons for investors to pluck. It would be surprising therefore if the latter were not praying for immediate recreation of the narrow-band ERM. This the EC says it intends to do. The question is whether its intention reflects the interests of the people of Europe.

Unnecessary recession

Mr Balladur believes the security of his country has been endangered. But perhaps what has been endangered is the reputation of its policymakers. Those in office usually believe that their policies express the long-term interests of their people, while speculative attacks reveal the irresponsibility, if not wickedness, of markets. But that conclusion is not self-evident.

In this case, speculators doubted the willingness of the French people to tolerate an unnecessary recession in the name of European integration. By doubting it, they created the conditions in which that policy could change, a result

that seems benign.

Whenever a perfectly good explanation can be found for the behaviour of individual investors, conspiracy theories are unnecessary. Currency markets are the largest and most liquid in the world. The envisaged collusion among participants is inconceivable. To argue otherwise is to indulge in paranoia.

Freedom of movement

Exaggerating the wisdom of governments and the follies or even wickedness of markets is, unfortunately, not the only mistake that has been made. As important has been the unduly identification of the cause of the European integration with a particular monetary mechanism, a mistake that parallels earlier worship of the common agricultural policy. The foundation for European integration has, in fact, been the integration of the economies of member states by the progressively increasing freedom of movement of goods, services, labour and capital.

The ERM, or even economic and monetary union, can be justified largely to the extent that they support such integration.

This is why talk of exchange controls is self-defeating. In the absence of some kind of global tax on foreign exchange transactions, which seems infeasible in practice and questionable in theory, the only way to try to prevent what happened to the ERM would be a return to tight national exchange controls. But this would fragment the single market for capital and severely hamper those in labour and services. Since the ERM has often been justified as the monetary counterpart of the single market, it would be perverse to adopt measures that would destroy what the mechanism is supposed to preserve.

Apart from being perverse, exchange controls would probably also be infeasible. The EC must move in a different direction. One alternative would be faster movement towards monetary union. But this the Germans seem unlikely to accept. Another would be to make the present wide bands work, perhaps in the context of greater global exchange rate co-ordination. But one thing is quite clear. There is no future for the EC in going backwards. It must move forward instead.

Remapping US telecoms

AMERICAN Telephone and Telegraph's planned \$12.6bn acquisition of McCaw Cellular Communications will not only be one of the largest takeovers in US history. The deal may also herald a redrawing of the US telecommunications map, which in its outlines still bears the marks of AT&T's enforced break-up in 1984.

The 1984 divestiture, overseen by Judge Harold Greene, split AT&T into seven local telecommunications groups, the Bell companies, and one long-distance company, the continuing AT&T. The Bell companies were prevented from entering the long-distance market, while AT&T was barred from operating local networks.

Some lobbyists will no doubt argue that, in buying McCaw, AT&T has found a backdoor route into the local market, as cellular communications were not included in the divestiture decree. They may even say the deal should be blocked as the long-distance market is still a no-go area for the Bells.

Policymakers should give such arguments short shrift. At present, cellular communications do not compete head-on with the Bell's local "wireline" phone services, as they are too expensive. Instead, cellular phones have expanded the overall market by allowing people to make calls when they are on the move. And, while cellular and other forms of radio communication will undoubtedly provide stiff competition for wireline companies as costs fall, the right response should be to sweep away restrictions on competition rather than add new ones.

Justified fears

Judge Greene's imposition of no-go areas for the Bells probably had some benefit back in 1984, in helping competition to take root. At the time, the Bells controlled access to customers and there were justified fears that, if allowed into the long-distance market, they would channel their customers' traffic through their in-house networks and thus squeeze out rivals.

But the no-go areas now look like artificial lines on a map, as a result of technological and commercial developments. Under a system known as equal access,

customers are able to choose the long-distance company through which their calls should be routed, with the result that the Bells no longer control customer access. Meanwhile, the Bells' local monopolies are being eroded by the growth of alternative fibre-optic networks in large cities such as New York. The monopolies would be under even greater threat if cable television companies were generally allowed to provide telephone services over their networks.

Extra costs

The divestiture restrictions have outlived their useful life. The long-distance ban, in particular, has led to a balkanisation of the US telecoms map, often requiring calls to be carried by roundabout routes rather than in straight lines, so imposing extra costs. Competition has also not been as vigorous as it could have been. It is unlikely AT&T and MCI and Sprint, its two main long-distance rivals, would have announced price rises last month if the Bells had been able to enter their markets.

A bonfire of artificial restrictions would not only do away with those imposed at the time of divestiture. It would also abolish rules banning local phone companies from providing cable television over their networks and foreign companies from owning more than a minority share in any radio licence. The cable TV ban could be deterring telecoms groups from laying fibre-optic cables into people's homes, and hence the development of the "information super-highways" that make Vice-President Al Gore so enthusiastic. Meanwhile, the restriction on foreign companies explains why British Telecom is unable to acquire McCaw and is now selling its minority stake to AT&T. Such rules provide foreign governments with a ready-made excuse to keep US telecoms companies out of their own markets.

Redrawing the US telecommunications map will not be an easy task, given the vested interests in keeping competition out. But the US has already seen benefits from competitive telecoms markets since AT&T's break-up and should have the courage to press on with further liberalisation.

The decision by Great Universal Stores last month to end six decades of family control by franchising its non-voting shares could open a new chapter for the company. It could do the same for the UK business it still dominates: mail order.

The move by the mail order, retailing and financial services group aroused speculation in the City that it might shed its conservative image and use its £1.3bn cash reserves to become the adventurous and acquisitive company it was in the 1960s and 1970s. Some observers hoped it would invest in technology and lead the UK mail order business in adopting systems for communicating with customers via cable television, and eventually interactive video transmissions.

Change may be needed because the outlook for traditional mail order in Europe and the US is uncertain. The arrival of new technology and growing competition from sophisticated high-street retailers are forcing mail order operators to look at innovative ways of selling, and improve their service to customers to hold on to market share.

A report last week by Verdict, the retail research group, says growth in the UK mail order market outpaced the rest of the retail sector last year. But in each of the six previous years, mail order's share of the retail market had shrunk.

Only weeks before GUS's announcement, Sears Roebuck of the US finally closed its catalogue division, ending an American tradition and raising questions about the future of the industry in the US.

For much of the 20th century Sears's Big Book was a symbol of "middle America". But though the catalogue still circulated to 14m households last year, sales of \$3.2bn (£2.2bn) were not enough to avoid a \$175m division loss. The Big Book could no longer hold its own against younger, more carefully-targeted competitors in a market approaching saturation, and being invaded by cable TV operators.

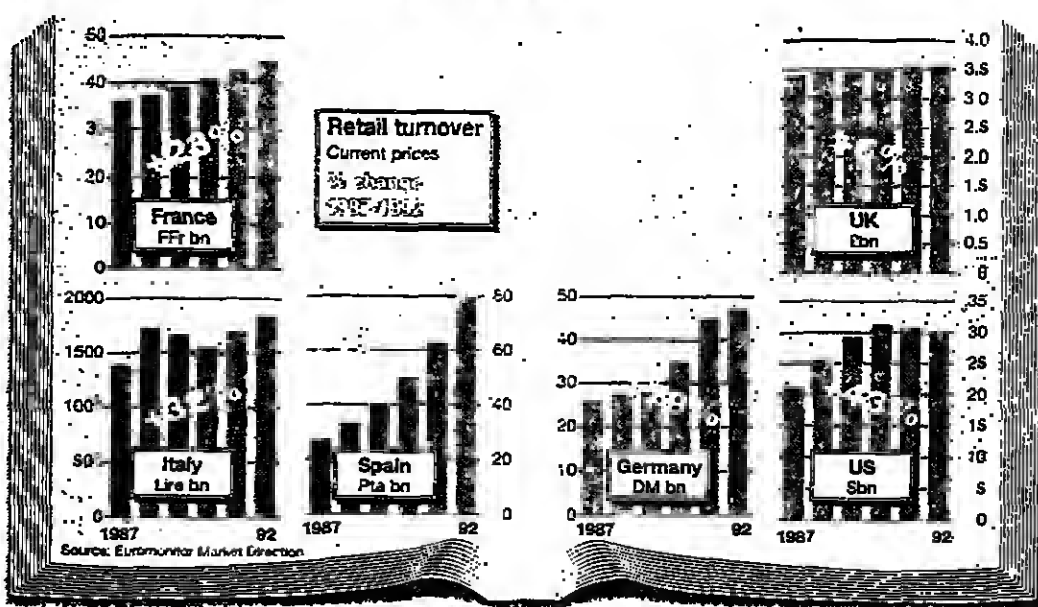
The Sears general merchandise catalogue had become a mainstay for isolated farming communities in the midwestern US and, it was said, the most popular home literature in America next to the Bible. But during the 1980s the Big Book faced a growing number of rivals, as higher transport costs and road congestion boosted home shopping. Delivery systems were improved, and niche marketing developed. US sales from home shopping rose by 48.8 per cent in 1987-90, to \$11.6bn.

The fortunes of mail order in the UK followed a similar path, after it originated in the late 19th century in so-called "turn" or credit clubs, whose members paid a shilling a week and were able to buy £1 worth

Neil Buckley says the mail order business needs to adapt and innovate to survive in a competitive climate

Last post for the big books

Mail order and home shopping: new chapter



of goods every 20 weeks.

After the first world war, clubs developed networks of agents, with an average of 20 or more customers each. They found a ready market, particularly among poorer socio-economic classes in northern England, who were prepared to accept relatively slow delivery times in exchange for low prices and - long before they were offered by the rest of the retail sector - credit facilities.

But, as in the US, the glossy catalogues no longer hold the allure they once did. Traditional advantages - availability of credit, convenience, home delivery and low prices - are constantly being eroded by developments in high-street retailing. Between 1985 and 1991, home shopping's share of retail sales fell from 3.54 per cent to 2.96 per cent, although it improved again last year to 3.16 per cent.

In continental Europe, the picture is mixed. In France and Germany the mail order business is well-established. The French market has grown steadily to reach FF44.5bn (£5.1bn) in 1992, according to Euro-monitor, the UK market research

group. Germany has by far the strongest mail order market in Europe, growing to DM47.3bn (£18.4bn) last year.

But in Italy, a less developed market, mail order grew by about 30 per cent between 1987 and 1992, to L1,345bn (£770m). Over the same period, Spain's equivalent sales almost tripled from an undeveloped base to reach Pta80bn (£385.5m).

In developed markets, home shopping accounts for between 3 and 8 per cent of all retail sales. Some experts regard the latter figure as the ceiling and forecast declines in the next few years. "The long-term trend is definitely down," says Richard Hyman, director of Verdict.

Others in the retailing industry think mail order can hold or increase market share, but only by taking advantage of new technology. "Big book" operators are expected to move increasingly towards using television to sell their products. The merger proposed last month between the two largest teleshopping operators in the US,

Home Shopping Network and QVC, to form a \$2.2bn network, shows the developing strength of the medium.

Catalogue shopping is unlikely to die out, but is expected to focus increasingly on niche markets. "The shape of mail order in the '90s will be direct, targeted catalogues rather than the big books," says Jim Martin, chief executive of N Brown, the UK mail order operator. N Brown publishes 11 catalogues, aimed mainly at women over 50 and those requiring non-standard sizes.

The company provides a lesson in the power and sophistication of targeted catalogues. It has profitably expanded its market to include women in their 40s and younger, but many products in its two catalogues aimed at this age group are no different from those in the books for the 50-plus market. The catalogues are presented differently, excluding some products and rephrasing others on younger models.

US mail order companies are leading the way in this development. Spiegel, which became the second largest US mail order company with the withdrawal of Sears, publishes

30 different catalogues.

Catalogues are also starting to target upmarket customers. In the UK, the Next directory, the mail order operation of the high-street fashion chain, has introduced a younger generation, with different lifestyles and higher incomes than their parents at the same age, to home shopping. Such catalogues are aimed at time-conscious more than price-conscious consumers, and foster a specific style or fashion image. Several focus on men, who have previously been less inclined to buy mail order than women.

But even for companies which do not move to selling by television, technology will be important in making ordering easier and improving delivery times. The nature of home shopping means it can be automated to a high degree.

At Home Shopping Network in the US, half of all incoming calls are handled by Tootie, a voice response network. Orders and credit inquiries are handled by a computer and all information transmitted to a database which sends out birthday cards to customers, and reminders to reorder products they buy regularly.

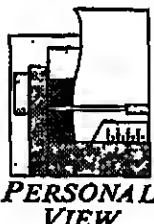
Richard Pugh, deputy chairman of GUS, refused to be drawn last month about whether GUS would move towards teleshopping. But he did outline his vision of automated warehouses, where goods arrive, are stored, picked and dispatched to customers without being touched by human hands.

Meanwhile, the reshaping of the mail order market is likely to accelerate. Mail order operators gain even more than most retailers from economies of scale, and larger companies are expected to continue to swallow up smaller ones. Two of the UK's best-known catalogue retailers, Grattan and Empire, have been purchased by continental European operators - Germany's Otto Versand and France's La Redoute - in the past two years. There are suggestions in the City that if GUS decides to expand across Europe it may, in turn, bid for La Redoute.

Less developed markets provide opportunities for growth. Mail order could be particularly important in east Europe, where the retailing and distribution infrastructure is poor, and it provides a relatively low-cost way of entering the market.

The emergence of GUS from decades of close control by the Wolfson family may prove timely. As new technology such as cable television and interactive communications spreads, and agency systems are replaced by direct marketing, the mail order business may change more in the next decade than it has in the 61 years since Isaac Wolfson first took command.

Opportunity knocks for the Japanese



PERSONAL VIEW

The government that has just taken power in Japan has a lot on its collective mind.

mainly, no doubt, how to hang on to it. It will be hard to hold the coalition together, let alone to shake up the cosy world of Japan's money politics and to give a fair deal to consumers. But that is what it was elected to do.

The elections do not ensure that the relationship between government and business will be transformed. Many of today's reformers, such as Tadamasa Hata and Ichiro Ozawa, were yesterday's loyal Liberal Democratic party Diet-men, which does not augur well for a clean break.

But if business as usual prevails, Japan will have missed a historic opportunity. Systematic reform offers tangible benefits to Japanese consumers. It would enable Japan's political system to respond to concerns beyond those of entrenched interests. And America and Europe

would also profit. Reform must be rooted in the recognition that political and economic liberalisation go hand in hand. Regulation has increased the value for businessmen of investing in politicians, and the cost of not doing so. Japan's recent spending spree was designed partly to provide kick-backs from public works contracts.

Political reform requires a decline in the market value of politicians: the rewards of economic activity must stay higher than those of political activity. That in turn requires that politicians stop trying to manage the economy. For clean politics, Japan must deregulate.

Japan's allies often cite its regulations as impediments to trade. Fair or not, the complaints provide another reason to deregulate: reform could avert the dangers of either a trade war or politically managed trade, both of which would decrease the wealth of the entire world but would devastate an island nation in particular.

Japan should therefore become the world's foremost free trader. Were politicians in the US and Europe more responsible, Japan

would not have to assume this role. As it is, some economic power must act decisively if the industrialised world is not to be split into three hostile trading blocs.

Dismantling corporatism would also improve Japan's economy. The privatisation of its expensive national railway has halted massive losses. Airline privatisations are for

ing producers to serve consumers rather than the reverse.

Deregulation of the retail distribution system would yield more benefits. Zoning restrictions protect inefficient small shopkeepers. This policy also irritates foreign businesses trying to distribute their products in Japan.

Eliminating trade and zoning protection for agriculture would further free the market in land. Pro-

tecting agriculture diverts much land and labour to unproductive uses. This policy, together with the high tax on the sale of houses, exacerbates urban crowding. Kenichi Ohmae, chairman of the Japanese arm of management consultant McKinsey, estimates that changing these policies could quadruple the land available for development within 30 miles of Tokyo. That in turn would shorten workers' average daily commuting time of three hours. If politicians want to put the welfare of the people first, agriculture protection must go.

Agricultural protection also raises land prices; and these high prices impede foreign investment in Japan. The US Republican party's Wednesday Group believes this factor contributes greatly to Japan's trade surplus with America.

It is a pity so much attention has focused on this bilateral trade balance. The pursuit of a "solution" to the imbalance leads to counterproductive ideas, such as artificially reducing Japan's savings rate. Removing barriers to investment in Japan, however, would be good in itself, and could shrink the imbalance as a happy side-effect.

Japan should resist putting bureaucrats back in charge to "manage" trade to meet foreign demands. The bureaucrats will be tempted, as this would give them a new lease of life. So will some companies: export restraints have transferred wealth from foreign consumers to Japanese exporters. But cartelisation cannot benefit the public.

During the election campaign, Japan's reformers stuck to generalities, such as ending corruption. But they also called for less government, denouncing the high prices and inefficiency resulting from intervention. They must now make good that promise.

They should do it because deregulation will destroy the structural base of much political corruption; liberalisation will please Japan's allies; and most important, the Japanese public deserves a better deal.

Ramesh Ponnuru

The author is a scholar at the Institute for Humane Studies, Fairfax, Virginia, US, who has been working at the Institute of Economic Affairs

New York Fed form guide

Now that Bill McDonough has settled in as the new president of the New York Fed, all eyes are on who gets the number two spot he vacated. Given that the person picked will be one of the leading players in the world's foreign exchange markets, the pressure is on for an early decision.

McDonough, who had done 22 years at First Chicago, had only been in the job for 18 months, so it is no surprise that two veteran insiders are the firm favourites to become the next open market account manager with the responsibility for carrying out the Fed's monetary policy directives.

What is different this time, however, is that the two favourites are women: Joan Lovett, manager of the domestic open market desk, and Gretchen Greene, manager of the foreign open market desk. When the presidency was up for grabs earlier this year there was considerable speculation that the Fed might choose a woman. So the chances of a woman in the number two slot are now higher.

Of the two likely candidates, Lovett might have an edge because her role as chief of domestic market operations is arguably more important than Greene's, who handles the Fed's activities in the currency markets. Greene, however, has a clear advantage in seniority

and experience - she has run the foreign desk for more than 20 years, and was in the running for the job when McDonough was brought in from outside.

She also happens to be married to Ed Yeo, a former under secretary of the US Treasury in the Ford administration. Yeo went on to do a stint as First Chicago's chief financial officer but quit after a boardroom row in 1980. He was replaced by McDonough. Whether this helps or hinders his wife's chances of promotion remains to be seen.

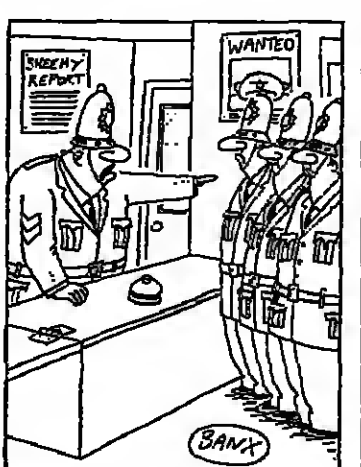
Stunted

When the British government seems intent on privatising anything that moves, why has it farmed out all the wounded casualties from Sarajevo to public sector hospitals?

Given the pressure on resources in the National Health Service and the shortage of beds, it would make sense for the authorities to tap the offers of beds in private hospitals. If the private hospitals are prepared to treat the wounded for free, whereas the taxpayer will have to pick up the tab for the use of NHS hospitals, there would be a net saving to the public purse.

If the reason is that the authorities feel more comfortable using NHS hospitals that they know, why did the Overseas Development Agency turn down the offer of an RAF VC-10 aeroplane

OBSERVER



"Men, I want you to go out there and perform"

and hire a Russian Tu-154 air ambulance?

To date, the only party which comes out well from the affair is the Saudi Arabian royal family, who helped pay for the evacuations.

Haggle time

Hard to believe that with the stock market flirting with its all-time high there are still some investment analysts who can't afford their subs. However, the Institute of Investment Management and Research, which represents Britain's 3,100 investment analysts, likes to think

of itself as a caring organisation. Hence, it has asked members not currently employed to send a letter "explaining their circumstances", and it will consider deferring payment of its £81 a year subscription fee. The society insists that this generous gesture is in no way related to the fact that it has just raised membership fees by 8 per cent.

Over-clouded

Remember Bill Hussey, the mining man who was sent to look for gold in Kazakhstan and found his new mine was only a few mushroom clouds away from the former Soviet Union's nuclear test sites? Observer was reassured to hear that he has taken to carrying a geiger-counter. However, there was some consternation recently when Hussey pointed his gadget towards the Broadgate complex; it registered three times the level of radioactivity found in Kazakhstan.

Right arms

Who would dare cross the threshold of Maggie's Den or brace themselves for a stiff one with The Iron Lady?

Much of British history is celebrated in pub signs: the Saracen's Head recalls the Crusades, John of Gaunt is remembered as the Red Lion, and

Richard III as the White Boar. So the Brewers' Society decided to ask the publishers of today for their opinion of contemporary history. What facets of modern life did they think likely to be commemorated on the pub signs of tomorrow? Not surprisingly, of all the people and events that have made their marks on the 1990s, the two nominated for similar immortality are Margaret Thatcher and the computer.

The Thatcher, in her usual fashion, dominated the political entries. Only two others merited suggestions - Norman Lamont (Lamont's Lament) and David Mellor (The Mellor Drama). But By the Silken Chip, The Bit and Byte, The Computer and Mouse, et al, according to the licensees, was likely to be honoured long after that other phenomenon of our times, the Euro-Sceptic, was forgotten.

Personal baggage

What is the most vital item British tourists always take on holiday? A survey by travel agent Thomas Cook finds that in first place is the humble British tea-bag, followed by a condom, with the trusty travel iron coming in a strong third. Perhaps most surprisingly, three quarters of would-be holiday-makers think that being with one's partner is the most important vacation requirement.

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MBNA bank to site European base in north-west England

By Paul Cheeseright

A £43m (\$64m) European headquarters is to be established in Chester in north-west England by MBNA America Bank, representing the largest US investment in the UK for three years and creating up to 600 jobs.

The UK government is meeting 10 per cent of the bank's costs through a 57m grant of regional selective assistance. Mr Tim Sainsbury, the industry minister, announced yesterday. Such grants are available for projects that offer new jobs.

MBNA, based in Newark, Delaware, is the second largest US

lender on credit cards, after Citibank, with a loan portfolio of \$10.6bn. It specialises in the issue of credit cards bearing the Mastercard or Visa logo to groups with a common interest, such as teachers or opticians.

The bank expects to employ 70 people by the end of this year and to create the 500 jobs within five years. Measured on the basis of long-term employment, this is the largest US investment in the UK since 1980 when Conner Peripherals, a computer company, set up in Scotland with the aim of creating 1,500 jobs.

Figures from the Department of Trade and Industry's Invest in

Britain Bureau show that US companies accounted for 41 per cent of the 56,271 jobs linked to inward investment decisions announced in 1992-93.

Between 1981 and 1991, when the pace of US investment abroad slackened, the UK absorbed more than 36 per cent of direct US investment in the European Community, according to the US Department of Commerce.

The first priority of MBNA will be to issue credit cards on the UK market, but the bank said, it would be seeking to expand sales in the EC.

MBNA narrowed the choice of a site to Chester or Dublin. It

started negotiations with inward, the agency for investment in north-west England, the local authorities and the DTI last December.

The bank employs a high proportion of graduates and Chester was chosen not least because of the number of universities stretching in an arc from Stoke-on-Trent to Lancaster. The proximity of Manchester Airport also met the bank's transport concerns.

The headquarters will be on the Chester Business Park where the tenants include Marks & Spencer, with its chargecard operations, and Shell Chemicals.

McCaw's sugar mommy

THE LEX COLUMN

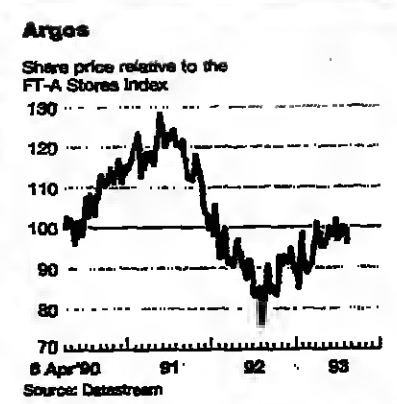
FT-SE Index: 3008.3 (-1.8)

American Telephone & Telegraph's \$12.4bn acquisition of McCaw has at least the merit of tidiness. Instead of its original proposal which left McCaw equity lying about in the market, AT&T has swept up the entire cellular company. A straight one-for-one share swap also makes the accounting easy. Yet the deal has the feel of the property scramble which accompanies the first few rounds of a Monopoly game.

There are few strategic telecos properties up for sale around the world, and AT&T has been prepared to dilute its earnings significantly in order to acquire one of them.

Still, unless McCaw gives AT&T some access to local telecoms in the longer term, it will prove very difficult to justify the high price paid. Experience with radio phones will doubtless be useful once new technologies such as personal data notebooks and multi-media are integrated with cellular telephony. It also gives AT&T another weapon in its armoury of managing company telecom requirements. Yet such advantages will not, by themselves, provide a decent return on the investment.

AT&T's strategy seems to be to cast its net across many markets - from computing to radio, Europe to China - in an effort to remain in the forefront of a rapidly evolving information technology business. That may make sense at present, but not even Ma Bell can afford such breadth for long - as its high gearing and yesterday's dilutive acquisition show. When it narrows its focus, it will do well to remember that owning networks is becoming a commodity business. It is the data which flows through them which is valuable.



hopes to buy or what price it is prepared to pay. The 8 per cent rise in MB-Caradon's shares shows the market's faith that it will not do anything silly. But it also reflects relief that the meagre returns earned from leaving £370m on deposit may soon be ending. Failure to secure an agreement could mean a result in some damage to MB-Caradon's shares but this is no reason to press ahead if the terms are not right. Reuters has made it respectable to return surplus cash to shareholders. It would be no shame on MB-Caradon if it were to conclude the same.

As for RTZ, changes to the ACT regime may have reduced its need to preserve UK earnings. The company is under no pressure to sell but the disposal would be a useful way of raising cash to facilitate another big acquisition. These Whitehall boffins working out how to sell British Coal would doubtless be delighted. They may have a hard job tempting RTZ, nonetheless.

Argos

CBI surveys may suggest that most retailers are feeling more perky about life, but conditions are barely good enough to raise a smile from the Argos board. The company has seen trading conditions improve steadily through the year, but management's eyes are relentlessly focused on the 25 per cent of sales which fall in the five weeks up to Christmas. Large tax increases in Mr Kenneth Clarke's November budget would depress consumer confidence in the critical period - hence the company's nervousness yesterday.

Yet it would not do to get too gloomy. The advantages of last year's catalogue changes and new sales formats will not drop away immediately. There is unlikely to be a repeat of the jewellery price war of two years ago, and the company continues to throw off cash despite the expansion of its store chain.

MB-Caradon/RTZ

MB-Caradon's apparent difficulty in spending its cash shows how unwise it is to conclude deals by means of securities. When MB-Caradon realised £473m from selling its 25 per cent stake in CarnaudMetalbox in April, it flagged its intent to reinvest the money in building materials products. Its predatory presence steepened the cyclical upturn in the sector's shares. Those of Marley, for example, widely tipped as a likely target, have shot up from 58p last September to 166p.

It therefore comes as little surprise that MB-Caradon is trying to buy an unquoted package of assets from RTZ, although it is not clear how much it

Bosnian talks resume with Croat warning to Moslems

By Laura Silber in Geneva

THE Bosnian peace talks finally resumed in Geneva yesterday, as Croat leader Mr Mate Boban warned that the Bosnian Moslems must accept proposed maps on the republic's ethnic division or face more war.

Mr Boban said: "Any party that attempts to make fundamental changes to the map we have negotiated so far does not want a peace agreement, but wants delays and war instead."

The remarks appeared to be a criticism of Mr Alija Izetbegovic, the Bosnian president, and reflect mounting pressure from Croat and Serb leaders on the Moslem Mr Izetbegovic to accept a peace settlement based on military gains made during the war.

Mr Izetbegovic was last night expected to press the issue of Sarajevo's future status at the face-to-face meeting before talking about the borders of the proposed union of three ethnic republics.

delegation has not actively participated in talks on the territorial division.

Instead, Mr Izetbegovic has stressed that any agreement will be void without "fair maps".

Italy offers 454 beds for injured

ITALY yesterday offered 454 hospital beds for seriously injured patients from Sarajevo.

The offer came as the United Nations High Commission for Refugees indicated it had more offers of beds than it had patients awaiting evacuation. More than 700 hospital places have been offered in recent days by countries including Britain, Ireland, France, Jordan, Turkey, Finland, Kuwait and the US.

The UN Commission welcomed the flood of offers, which it said marked a turnaround in attitudes after 16 months of indifference from western governments.

Report, Page 2

Mr John Mills, their spokesman. Minutes after the talks got under way, Mr Mills said all three parties had agreed that "UN military observers will be free to go everywhere in the territory of Bosnia-Herzegovina".

Most previous agreements were immediately violated.

Mr Izetbegovic said earlier that he would insist during the current negotiations that Serb forces lift their siege of Sarajevo.

However, Commander Barry Frewer, Sarajevo spokesman for UN forces, yesterday said that following the Serb withdrawal from strategic mountain heights around the city this weekend, Sarajevo no longer faced a classic siege.

But although the UN said the area around Sarajevo was now quiet, the UN High Commissioner for Refugees said central Bosnia remained very volatile, with fighting continuing between Moslem and Croat forces.

Croat military leaders in Mostar, south-west Bosnia, were reported still to be holding about 2,000 Moslem prisoners at a local airfield. They were using some of their captives as forced labourers to dig trenches on the frontlines, said relief officials.

Earlier in the day Croat leaders had threatened to boycott negotiations in Geneva unless their Moslem enemies allowed relief convoys to cross frontlines to an isolated town in central Bosnia.

China's cabinet drives golf plans into the rough

By Tony Walker in Beijing

CHINA has cracked down on the spread of golf courses and race tracks as part of a nationwide campaign against frivolous real estate development.

A circular from the State Council (cabinet) said there would be "no approval, no licence, no land and no loans for such expensive projects as horse race tracks and golf courses".

China's cabinet last year reiterated a ban on gambling, but a number of Chinese businessmen had pushed ahead with race course construction in the hope of getting the ban lifted.

The Chinese authorities, in their efforts to regain control of a runaway economy, have targeted real estate speculation as a leading cause of a credit binge which was draining funds from much-needed infrastructure projects such as roads and railways.

"For buildings with limited market potential, such as villas, holiday villages, luxury apartments, hotels and office buildings, the country will place strict limits on this area, and halt the construction of some buildings already in progress," the circular said.

Mr Deng Chenbo, who has been attempting to introduce horse racing to Beijing, the Chinese capital, said he was sure racing would be allowed to go ahead in China "in due course".

Mr Deng blamed "muddle-headed" figures in the Chinese leadership for the continued ban on racing.

"They should know that golf courses and race courses will bring them not only a lot of tax money, but also make the people happy," he said.

Hopes rise over Hong Kong talks, Page 4

AT&T to buy McCaw in \$12.4bn deal

Continued from Page 1

ations market is dominated by large local telephone companies and GTE.

Yesterday, Mr Allen was quick to stress that "AT&T is not interested in re-entering the local telephone business and today's announcement doesn't change that. More than 99 per cent of all cellular calls go through the local telephone companies".

The deal is, however, conditional on a go-ahead from various

regulatory agencies - including the Department of Justice, which will look at anti-trust considerations, and the Federal Communications Commission as well as certain state regulatory bodies, which must approve licence transfers.

The FCC said the proposed merger was "a resounding endorsement for the future of wireless communication" and had "great future potential" but stressed it not reviewed the transaction, and would be

"open-minded on any valid opposition".

If the deal goes ahead, holders of both McCaw's "A" and "B" shares will receive one AT&T share for each McCaw share held, and McCaw shareholders will end up owning around 14 per cent of AT&T. On Wall Street, AT&T shares slipped 11 to 86 1/2 in the morning session while McCaw gained 5 to 56 1/2. The logic of combining AT&T and McCaw had been generally accepted by Wall Street analysts.

FT WORLD WEATHER

Europe today

Very warm and humid air will push towards eastern Europe, triggering widespread showers and thunder storms from Poland to western Russia. Hot conditions will persist over southern Europe with tropical temperatures extending from Spain towards Turkey. A weak disturbance will produce cloud in the west of Spain and Portugal, with thunder showers in the afternoon. Southern France will be hot and sunny with temperatures above 30C. In the low countries, UK and central Germany, high pressure will keep conditions fair with temperatures up to 23C. Unsettled and cool conditions will persist in northern Europe.

Five-day forecast

The boundary between hot and sunny weather over southern Europe and cooler air over the northwestern countries will slowly move north. This will allow for a warming trend, especially in France and Belgium. Near the end of the week, cool air will move south over the UK and later over the low countries.

Forecast by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 39	Belfast	fair 19	Cardiff	cloudy 30	Faro	sun 27
Accra	cloudy 28	Berlin	fair 19	Chennai	sun 32	Frankfurt	sun 27
Algiers	sun 33	Bombay	thund 20	Cairo	sun 31	Glasgow	cloudy 18
Amsterdam	fair 20	Bombay	drizz 20	Dakar	sun 31	Hamburg	fair 18
Athens	sun 31	Bombay	drizz 20	Dallas	sun 38	Helsinki	showers 19
Bahia	sun 31	Bombay	drizz 20	Darwin	sun 34	Hong Kong	cloudy 30
Bangkok	thund 32	Bombay	drizz 20	Dubai	sun 31	Kuala Lumpur	thund 31
Barcelona	sun 28	Bombay	drizz 20	Dublin	sun 18	London	sun 22
Beijing	thund 29	Bombay	drizz 20	Edinburgh	sun 19	Los Angeles	fair 25
		Bombay	drizz 20			Madrid	sun 36

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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday August 17 1993

INSIDE

Saab benefits from restructuring
Saab Automobile, the Swedish car group, yesterday announced a second quarter loss after financial items of SKr423m (\$52m) - a 17 per cent improvement on the SKr507m deficit in the same 1992 period. Saab said the improvement reflected the benefits of its ongoing restructuring. Page 16

Philips in multi-media drive
Philips, the Dutch electronics group, is to attempt to seize worldwide opportunities in the field of multi-media education and entertainment by regrouping its international efforts in the field of consumer electronics "software". The core of its efforts in electronic media will be its New York-based Philips Media unit. Page 16

Argos warns of 'fragile' recovery
The chairman of Argos, the catalogue retailer, has warned the UK chancellor that any tax increases in his November Budget could destroy the "fragile" recovery in consumer confidence and devastate retailers' profits. Page 16

Cosmo welcomes bank rescue
The schedule of Daiwa Bank's rescue of Cosmo Securities is to be announced today. Mr Hiroshi Nakano, president of Cosmo, said: "The only way for Cosmo to survive is to become a subsidiary of Daiwa." Page 18

Toy retailer beats failing sales
Sales at Toys 'R' Us, the US toy retailer, grew 5.4 per cent in the second quarter of the year to \$1.3bn, despite a fall in sales inside the US due to a lack of any big-selling new products during the quarter. Page 18

Kmart under pressure
Kmart, the second-biggest US retailer, reported lower post-tax profits in the three months to July with continued stores remaining under pressure and losses growing on its Pace membership warehouse operation. Page 18

Takara rises 16.8%
Takara, the largest UK nursing home operator, yesterday reported a 16.8 per cent rise in interim pre-tax profits, excluding exceptional items, to \$5.53m (\$9.6m). The period, to end June, covered the implementation of the Care in the Community Act which shifted the burden of public funding of nursing home patients from central to local government. Page 21

Hoar retreat from Hoskins
Mr Barrie Hoar, chairman of Hoskins Brewery, the UK brewer which is facing 15 second shareholders' rebellion within a year, said yesterday that his family had decided to sell a majority of its shareholding. The real ale brewer reported a 10 per cent increase in full year pre-tax profits. Page 21

Northern sees milky quagmire
Northern Foods, the UK food manufacturer, says "a quagmire" will result from the replacement of the Milk Marketing Board by a "monopoly" broker when the milk industry in England and Wales is opened to competition next year. Page 22

Norway and Finland lifted
The Norwegian and Finnish markets have both been lifted recently by sharp cuts in domestic interest rates; as a result Oslo's all-share index put on 8 per cent over the week and Helsinki's Hex index rose 4 per cent. Back Page



Buffett betting his own money on Salomon's future

Salomon shares rise as Buffett lifts stake

By Patrick Harverson in New York

SHARES in Salomon, the US securities house and energy group, rose sharply yesterday on the news that Mr Warren Buffett, the billionaire investor who masterminded Salomon's recovery from the debilitating effects of the 1991 Treasury auction scandal, is raising his stake to at least 15 per cent.

Although Mr Buffett would only be raising his stake by a small amount - he already owns 14.3 per cent of the company in the form of convertible preferred stock and he has a long-standing agreement not to raise that to more than 20 per cent until October 1994 - the notification that he plans to add to his holdings was seen as a vote of confidence in Salomon.

The news prompted heavy buying of the company's shares on the New York Stock Exchange, and by early afternoon the price was up 3 1/4% at \$48 1/4, a 52-week high.

Analysts said that the rise was a reflection of Mr Buffett's influence in the markets. Mr John Kase, brokerage analyst with Kase Worldwide Services, said that because Mr Buffett was known as a successful investor and because of his close links with Salomon, "his actions will prompt others to buy the stock".

Mr Buffett is not the only senior company figure to bet his own money on Salomon's future. Last week, Mr Deryck Maughan, chairman of the firm's brokerage unit Salomon Brothers, was reported to have spent \$1m on 25,000 Salomon shares one week after the company reported record second-quarter profits of \$435m.

This was also seen as a sign that senior Salomon management believe the company has fully recovered from the 1991 scandal, which cost the company several top executives, heavy fines and government restrictions on its brokerage activities, plus the temporary loss of many customers.

During his one-year stint as interim chairman, Mr Buffett helped restructure top management, changed internal policies, and reduced reliance on profits from speculative bond trading by emphasising its customer-related business.

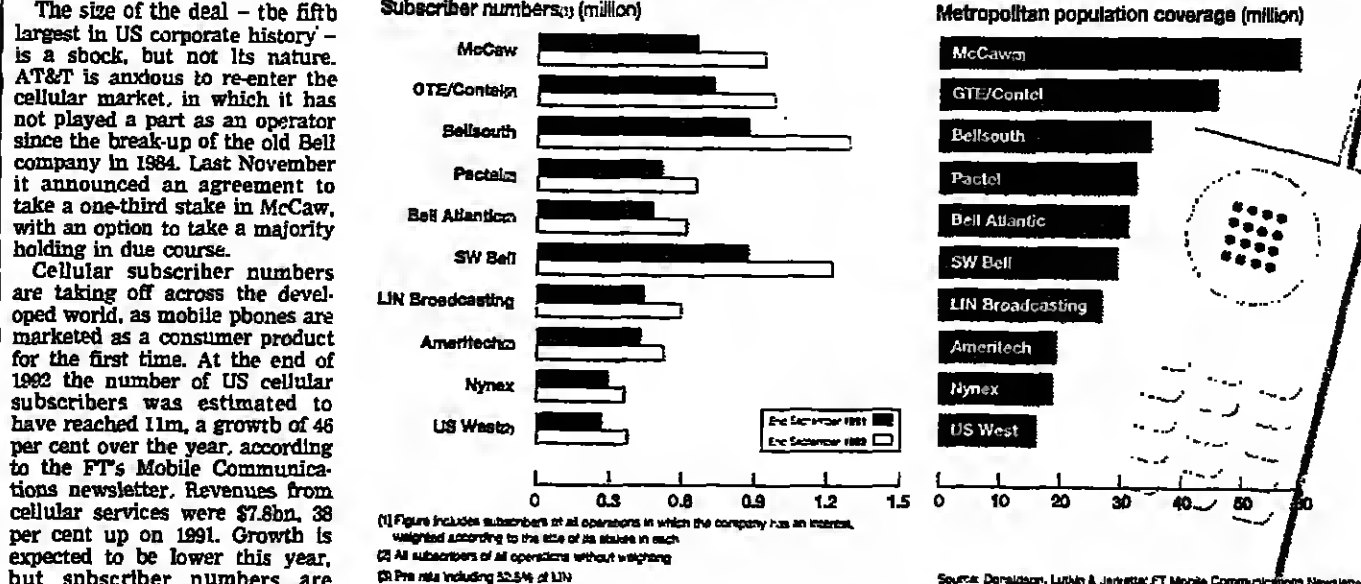


Maughan: reported to have spent \$1m on 25,000 Salomon shares

Andrew Adonis explains why the US industry leader is splashing out with a \$12bn takeover of McCaw Cellular Communications

AT&T mobilises with record telecoms deal

Leading US cellular operators



Second, "AT&T saw McCaw's shares appreciating sharply because of what they wanted to do with the company, and they did not want to have pay still more further down the track."

Yesterday, however, Mr Allen was at great pains to stress what AT&T did not intend to do with McCaw. "We are not interested in re-entering the local telephone business; 99 per cent of all cellular calls go through local tele-

'Wireless communications are absolutely central to AT&T's strategy and key to the company's future earnings growth'

phone companies, and it will be years, if ever, before that changes."

Insofar as cellular communications are still not remotely price competitive with fixed-line local networks, Mr Allen is stating the obvious. Indeed, new digital networks have pushed handset prices sharply up in the short-term, and non-business usage is still low.

Furthermore, there are no obvious regulatory burdens which might lead AT&T to play down its local ambitions. The "Baby Bell" companies will renew their complaints about their exclusion from the long-distance market,

Heavy trading in SE Banken shares

By Christopher Brown-Humes in Stockholm

TRADING in the shares of Skandinaviska Enskilda Banken, the Swedish bank, was exceptionally heavy yesterday on expectations that the loss-making group will today announce a large rights issue and much improved financial figures for the second quarter.

The bank is set to ask shareholders for as much as SKr6bn (\$746.2m) through a one-for-two share issue at SKr45 per share, according to one report. This is a larger amount than earlier expected and should enable the bank to survive its current difficulties without direct state support, say analysts. The bank yesterday declined to comment.

A rights issue has been expected since the bank and the Swedish government announced in June that the bank's owners would be called on to strengthen the bank's capital base. Raising SKr6bn would boost the bank's international capital adequacy ratio from 8.5 per cent at the end of the first quarter to 10.5-11 per cent, well above the minimum 8 per cent level.

Analysts say conditions for a rights issue are highly favourable given falling Swedish interest rates and the surge in SE Banken's share price. The shares have climbed nearly 10 times from SKr7 in April to SKr68 yesterday, after gaining new momentum at the end of last week as rumours of a rights issue began to circulate. Turnover in the A shares amounted to SKr198m on the Stockholm Stock Exchange yesterday.

An important consideration for the bank will be the extent to which its leading shareholders agree to support the fund-raising to generate the wider confidence required to make the issue a success. The main shareholders include the Wallenberg family, with around 7 per cent, Trygg Hansa SPP, the insurance group, and Custos, the investment group.

Some analysts believe the bank could announce a near break-even result after credit losses for the second quarter, which would keep losses for the first half in the SKr500-700m range. In the first quarter, the bank announced an SKr608m operating loss, down 55 per cent on the same 1992 period.

Lower interest rates have reduced the bank's credit losses and enabled it to widen its margins.

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Chief price changes yesterday

FRANKFURT (DM)		Salomon	49 1/4	+ 2 1/4
Pfizer	2420	Sturgis Bar	424	+ 3 1/4
Alcatel	420	Telecom (Paris)	81 1/4	+ 1/4
CLW	719 1/2			
Mercedes				
Pfizer	561			
Elf & Berger	543			
Kulhof	292 1/2			
Yokoyama				
NEW YORK (NY)				
IBM	110 1/4			
Lin Picking	56 1/4			
McCaw	48 1/4			
Hewlett Packard	85 1/4			
Part closed, New York prices at 12.30.				
LONDON (Pence)				
Barclays	18 1/2			
Cambridge	20 1/2			
Development Sec	42			
Green	27 1/2			
Heath (Samuel)	117			
Higgs & Hill	32			
Jardine (The)	118			
LGW	230			
MTL Indiverts	50			
MTA	105			
Modern	180 1/2			
Morley	23			
Muscat				

MB-Caradon may buy RTZ division

By Maggie Urry and Kenneth Gooding in London

SHARES in MB-Caradon rose 16p to 30p yesterday after the building materials group confirmed it was involved in preliminary discussions to buy a large part of Pillar, the industrial products division of the RTZ Corporation.

Caradon's share price has been weak recently because of investor uncertainty about how it would spend the \$425m (\$657.7m) cash pile it received from the sale in April of its 25.3 per cent stake in CarnaudMetalbox, the French packaging group.

RTZ's price was virtually unchanged. The disposal of Pillar had been widely expected because RTZ says it will concentrate on its core mining business - it is the world's biggest mining company.

Neither side yesterday would go beyond a brief statement issued at the insistence of the

GENESIS EMERGING MARKETS FUND LIMITED

PRELIMINARY RESULTS
for year to 30th June 1993

	1993 US\$	1992 US\$	Change %
Total net assets	120,355,202	114,190,390	+5.4
Net asset value per Participating Share	22.15	21.39	+3.6
Earnings per Participating Share	0.280	0.109	+156.9
Dividend per Participating Share	0.26	0.10	+160.0
Record Date:	26th August 1993		
Payment Date:	24th September 1993		

ADDING VALUE
Another year of solid progress. Net asset value up by 121.5% from inception (6th July 1989) compared to an increase of 10.9% for the Morgan Stanley Capital International World Index.

CONTROLLING VOLATILITY
Through extensive diversification, over 100 securities held in 28 countries.

STILL MANY OPPORTUNITIES
Political and structural change continues to create conditions for well-managed companies to develop and prosper.

Issued on behalf of Genesis Emerging Markets Fund Limited by Genesis Investment Management Limited, a member of IMRO. The value of shares can fall as well as rise. Past performance is not necessarily a guide to the future.

GENESIS
INVESTMENT MANAGEMENT LIMITED

21 Knightsbridge, London SW1X 7LY Telephone 071-235 5040 Facsimile 071-235 8065

Continental to cut 2,500 jobs

By Karen Zagor in New York

CONTINENTAL Airlines, the fifth largest US carrier, yesterday said it would cut 2,500 jobs, close operations in nine cities and cease several unprofitable routes after posting disappointing results for the two months after its emergence from Chapter 11 bankruptcy protection.

Mr Daniel Garton, chief financial officer, blamed the company's tepid performance on continuing weakness in ticket prices. "Our results were in line with the rest of the industry but were still not good enough. It is important that we are taking steps to return to profitability and that we are willing to make the hard decisions."

Continental plans to stop services to Australia and New Zealand at the end of October, eliminating several unprofitable routes and closing operations in Sydney, Brisbane, Melbourne and Auckland. It will also close in Vancouver in October and Puerto Plata in the Dominican Republic in September. In the US, it will close in Spokane, Washington, and in Bismarck and Minot, North Dakota.

It will also cut services in some markets and withdraw from its Denver-Milwaukee, Denver-Detroit and Cleveland-Dallas routes. The carrier will continue to serve Milwaukee, Detroit and Dallas through other hubs.

Continental, which emerged from Chapter 11 on April 28,

posted an operating loss of \$4.2m on revenues of \$975.9m for the two months to June 30. The company had a net loss of \$24.4m, or \$1.45 a share, in the period.

From April 1 to April 27, the predecessor company had an operating loss of \$35m on revenues of \$478.9m. Net income for the period was \$2.75m.

For the three months to June 30, 1992, Continental had an operating loss of \$58m on revenues of \$1.35bn. Its net loss in the quarter was \$99.2m.

When Continental presented its business plan to the bankruptcy court in April, the company predicted operating losses of \$181.2m for the first four months, but projected operating profits of \$168.3m for May to December.

INTERNATIONAL COMPANIES AND FINANCE

Restructuring enables Saab Auto to trim deficit

By Christopher Brown-Humes in Stockholm

SAAB AUTOMOBILE, the Swedish car group jointly owned by General Motors of the US and Saab-Scania, yesterday announced a second-quarter loss after financial items of SKr453m (\$51.3m). This is a 17 per cent improvement on the SKr500m deficit for the same 1992 period.

The result helped the company maintain its first-quarter progress and took its first-half loss after financial items to SKr861m, compared with SKr900m last year.

However, there was an SKr23m extraordinary charge covering start-up costs for the Saab 900 model which is to be

introduced in the autumn. This left the first-half deficit before appropriations and taxes at SKr684m, against SKr732m last year.

Saab said the improvement reflected the benefits of its ongoing restructuring programme, rather than any market upturn or benefit from the depreciation of the Swedish krona.

First-half sales were down 4 per cent to SKr7.75bn from SKr8.09bn, although the fall in the second quarter was 9 per cent.

A Saab official said market conditions remained very tough in the group's key Nordic markets.

He added that although there had been some improve-

ment in the UK, sales were also falling in Germany and the US market was "not that strong".

First-half retail sales fell to 36,000 cars from 46,000. The company said this was because it stopped making the old 900 series in March and took its holiday period, when production is stopped, earlier than usual.

It is sticking by an earlier forecast of 80,000 sales for the whole of 1993, pinning its hopes on strong demand for the new Saab 900 in the last few months of the year.

The company expects a substantial improvement on the SKr2.69bn deficit it sustained for the whole of 1992 but it says it will remain in the red.

Profits dip but Kmart optimistic on outlook

By Richard Waters in New York

KMART, the second-biggest US retailer, reported lower post-tax profits in the three months to July with core discount stores remaining under pressure and losses growing on its Pace membership warehouse operation.

But the company's shares edged up 3% to \$23 1/2 before the close in New York as Mr Joseph Antonelli, chairman and chief executive, said earnings in the second half were expected to exceed last year's levels.

The renewed strength in consumer spending and good weather, as well as the company's own promotional activities, had brought about an improvement in sales, he said. Net income for the second quarter, at \$102m, or 22 cents a share, was down more than one-third from \$168m, or 37 cents, a year ago.

The company, which is in the process of revamping many of its stores to compete with the faster-growing Wal-Mart, had warned at the end of June of a likely fall in profits. Sales in the core general merchandise area in the US grew to \$6.6bn, or nearly 5 per cent up on a year ago on a comparable basis. However, operating income in the area fell by just under 13 per cent, to \$259m, as the sales mix in the US discount stores tilted towards lower-margin goods.

This reflected lower sales of higher-margin clothing, due to bad weather, Kmart said. This pushed the company's gross margin down to 23.3 per cent from 23.9 per cent.

Facing the company's troubled warehouse chain, suffered an operating loss of \$39m, including the cost of selling or closing 17 stores during the period. This compared with a \$24m loss in the first quarter. Also, interest costs rose to \$78m from \$58m a year ago on extra debt associated with acquisitions and higher inventory levels.

First-half net income fell to \$152m, or 33 cents a share, before special items, from \$244m, or 62 cents, the year before.

Sales grew by 10 per cent, to \$19.2bn.

WestLB 24% ahead at halfway

By David Waller in Frankfurt

WESTDEUTSCHE Landesbank, the largest and most aggressive of Germany's public sector banks, reported yesterday that first-half group operating profits increased by nearly 24 per cent to DM290.5m (\$163.1m).

The increase was achieved despite a substantial increase in provisions against bad and doubtful debts. Mr Friedel Neuber, the bank's chief executive, predicted full-year figures would exceed last year's result despite the prolonged German recession and continuing difficulties in the world economy.

The bank, the "house" bank

to the state of North-Rhine Westphalia, is, according to some measures, the third-largest in Germany, in all areas of business a strong rival to Germany's "big three" commercial banks. The rate of increase in first-half profits at WestLB was higher than at Deutsche Bank, Dresdner Bank and Commerzbank. In recent weeks they reported increases in profits of 18, 14 and 16 per cent respectively.

German banks as a whole have profited from rising German bond and equity markets as well as currency market trading and hectic derivatives trading. As in the private

commercial banking sector, WestLB's profits growth reflects performance in own-account trading together with fee-income generated from securities business. The bank also had a strong increase in profits from interest income generated from the mainstream lending business - for the private sector institutions growth rates were more enigmatic.

WestLB's profits from own-account trading more than doubled to DM190.7m - up by DM101m over the comparable period in the previous year.

WestLB, like other German banks, makes its calculations

with reference to half the profit made in the whole of the previous year - not the actual profits for the first six months of last year. Fee income rose by 12.5 per cent to DM220.4m and interest income climbed by nearly 16 per cent to DM1.30bn. Like other German banks, WestLB disclosed for the first time the scale of its bad and doubtful debt provisions. These were DM488.5m in the first half, 43 per cent up on last year's comparable DM336.3m. This reflects the sharp deterioration in the credit environment in Germany's worst economic downturn since the second world war.

GE buys Wasa unit for SKr1bn

By Christopher Brown-Humes

WASA, the Swedish insurance group, is selling its consumer finance operation, Finax, to GE Capital for more than SKr1bn (\$122.4m).

The US company, which is part of the General Electric group, has also agreed to refinance existing Finax borrowings totalling SKr30m.

The deal will strengthen Wasa's balance sheet and increase its focus on its core insurance activities. The company will make a capital gain of at least SKr300m on the disposal, as Finax has a book value of SKr669m.

It represents GE Capital's first major acquisition in Sweden and is line with the company's desire to expand its consumer financial services operations in Europe.

The group already has a credit card operation, Storecard, in the UK and is in the process of setting up a joint venture consumer lending business in Spain.

Mr Raymond Nield, manager of GE Capital's International Business Development, said: "We think the timing of the purchase is right as we hope the worst of the Swedish recession is now behind us."

Floax services around

400,000 personal customers in Sweden and Norway through five companies offering consumer credit through unsecured loans and credit cards. Last year it made a pre-tax profit of SKr190m on total lending, net of provisions for credit losses, of SKr4.7bn. Profits this year are expected to at least equal last year's level.

Proceeds from the sale will be fed back into the two mutual insurance groups at the heart of the Wasa group, Wasa Life and Wasa Non-Life, though the repayment of inter-company debt. The deal is expected to be completed on August 31.

Share exchange offer for Massa

By David Waller

METRO, the Swiss-based retail giant, is giving shareholders in Massa the chance to exchange their shares for shares in Asko Deutsche Kaufhaus, another quoted German retailer majority-owned by the privately-owned Swiss retailer.

Metro said this would give shareholders in the loss-making Massa the opportunity to participate directly in Asko, itself in the throes of extensive rationalisation following Metro's purchase of a majority stake last year.

At present, Massa is 65 per cent-owned by Metro and Asko

via MHB Handel, a holding company.

Analysts said the transaction was probably driven by tax considerations - the greater its stake in Massa the larger its potential write-off against profits in other parts of a group which is estimated to have DM170bn (\$40.6bn) turnover worldwide.

But Metro said yesterday that the move was appropriate in the light of closer business co-operation between Asko and Massa.

Massa recently reported losses of DM51.5m for 1992 on turnover of DM5.24bn after a net profit of DM17.5m in the

previous year. The losses reflect problems with aggressive expansion in credit finance between 1985 and 1991. This boosted sales of furniture and electronic equipment but led to heavy losses. Mr Dietmar Mooslechner, chief executive, has said Massa would only be fit to pay a dividend in 1994-1995.

Shares in Massa and Asko were suspended yesterday at DM170.50 and DM790 respectively.

The offer is one share in Asko in exchange for four shares in Massa. The Asko shares will come from Metro's own holding in the company.

Philips to regroup electronic media side

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, is to regroup its international efforts in the field of consumer electronics "software" as part of an attempt to seize worldwide opportunities in the field of multi-media education and entertainment.

It described the internal reorganisation as a first step to making Philips a truly global competitor in electronic media. The core of the Dutch company's revamped efforts in electronic media will be its New York-based Philips Media unit.

The unit's creation earlier

this year had already underlined the company's heightened interest in producing and distributing "software" to complement consumer electronic "hardware" such as televisions, video cassette recorders (VCRs) and new products like compact disc-interactive.

Philips, Europe's largest manufacturer of consumer electronics, is trying to emphasise high-margin software, such as video cassette rentals, as a way of countering the narrow margins and fierce price wars in the sale of VCRs and compact disc players.

In its new guise, Philips Media will bring together the

group's existing international and national programmes in interactive media into one organisation. The new organisation, Philips Media Electronic Publishing, will aim to grow in target markets such as children's electronic publishing and the production of electronic games and home entertainment packages.

"I believe the company's new structure will enable us to be both responsive and proactive in this rapidly changing world of electronic media," Mr Scott Marden, chief executive officer of Philips Media, said.

Mr Marden said one of the unit's prime tasks was to

enable Philips to pursue opportunities with other media companies. Philips Media's interests include a minority stake in Whittle Communications of the US, which is active in TV programmes broadcast to US schools, and Blockbuster, the US video rental chain.

The strengthening of Philips Media in New York is also part of a trend towards locating Philips management closer to major markets and away from the group's base in the Dutch town of Eindhoven. Earlier this summer, Philips said it was moving the headquarters of its audio business from Eindhoven to Singapore.

Abbey sells estate agency chain

By John Gapper Banking Editor

ABBEY NATIONAL is selling its 347-branch Cornerstone estate agency chain for less than one-tenth of the price per outlet paid by many buyers in the last 18 months.

The sale will end a six-year venture into estate agency

which has cost the UK bank an estimated £25m (\$39.4m).

Abbey is selling Cornerstone for £8m to two chartered surveyors who are backed by Provident Life, the life insurance company. The deal will create the UK's largest independently-owned chain of estate agents.

The sale price is equal

to £23,000 per agency, against about £250,000 per branch paid in the housing boom of the late 1980s as mortgage lenders and life companies competed to build up distribution arms.

Abbey will still operate mortgage selling units in 50 of the Cornerstone branches. Lex, Page 14

Argos chief warns against tax rises

By Neil Buckley in London

MR DAVID DONNE, chairman of the UK retailers Argos, yesterday warned Mr Kenneth Clarke, the UK finance minister, that any tax increases in his November Budget could devastate retailers' profits.

His warning came as Argos

revealed a 33 per cent rise in profits to £13.2m (\$20m) for the 24 weeks to June 19, on sales up 10.3 per cent to £365.9m.

"Increasing taxes in the Budget could have a serious impact on the all-important Christmas trading period," Mr Donne said.

Excluding the impact of new

stores, sales had increased 5.9 per cent. However, Argos estimated the underlying increase in consumer spending at only 1.8 per cent, although that compared with a 0.9 per cent fall in the first half of 1992, and a 1 per cent increase in the second half. Lex, Page 14

Record half year at Vital Forsikring

By Karen Fosfili in Oslo

VITAL FORSIKRING, one of Norway's top three insurers, has reported a near three-fold jump in half-year pre-tax profit to a record of Nkr1.62bn (\$216.9m) from Nkr555m last year, helped by substantial gains on shares and bonds. The company's A shares closed down Nkr1 to Nkr73 after hitting a high of Nkr73 on news of the improved performance.

Group premium income rose in the half-year by Nkr226m to Nkr1.7bn, as gross financial income shot up to Nkr2.49bn from Nkr1.47bn. Operating expenses were largely unchanged at Nkr288m.

The group's share portfolio was valued at Nkr3.7bn.

All of these securities having been sold, this announcement appears as a matter of record only.

August 1993

3,675,000 Shares



MUELLER INDUSTRIES, INC.

Common Stock

650,000 Shares

The above shares were offered outside the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

Bear, Stearns International Limited

Merrill Lynch International Limited

Cazenove & Co.

Daiwa Europe Limited

Paribas Capital Markets

N M Rothschild & Sons Limited
Smith New Court Securities Limited

Swiss Bank Corporation

S.G. Warburg Securities

3,025,000 Shares

The above shares were offered in the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

Bear, Stearns & Co. Inc.

Merrill Lynch & Co.

Alex. Brown & Sons

Dillon, Read & Co. Inc.

A.G. Edwards & Sons, Inc.

Goldman, Sachs & Co.

Lehman Brothers

J.P. Morgan Securities Inc.

PaineWebber Incorporated

Salomon Brothers Inc.

Smith Barney Shearson Inc.

Wertheim Schroder & Co.

Dean Witter Reynolds Inc.

Arnhold and S. Bleichroeder, Inc.

Allen & Company

Robert W. Baird & Co.

George K. Baum & Company

J. C. Bradford & Co.

First Albany Corporation

Furman Selz

Gabbelli & Company, Inc.

Kemper Securities, Inc.

Mabon Securities Corp.

McDonald & Company

Neuberger & Berman

The Ohio Company

Pennsylvania Merchant Group Ltd

Wheat First Butcher & Singer Capital Markets

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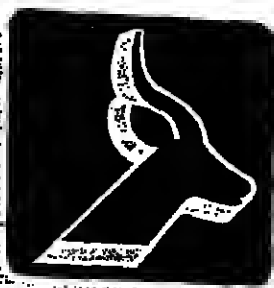
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Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 57/01979/06)

Highlights from the chairman's statement

In spite of disappointing conditions in the platinum group metal (PGM) and nickel markets, the financial year ended 30 June 1993 has been remarkably positive for the Implats group. The industrial unrest and technical problems of eighteen months ago have been left behind and the on-going process of technical advance and improving operational efficiencies have put the group in a position to survive and compete in the current market and to face the future from a more robust base.

Nevertheless, however improved the production performance, a reduction of 17% in total sales revenue per ounce of platinum, from R2 411 to R2 010, has reduced turnover by 2% and affected mining income by 37%. This has led to a reduced dividend of 140 cents per share compared to 170 cents per share in 1992.

Principal features of the year were:

- * **Platinum** sales volumes were 17% higher than 1992, an all time record for Implats. Platinum revenues increased by 25%
- * **Palladium** production also reached new highs. The volume increase and a 14% increase in price resulted in 37% higher palladium revenues
- * **Rhodium** volumes (the same as last year) reflect current metallurgical efficiencies. Sliding rhodium and nickel prices have negated the positive volume and price variances in platinum and palladium. This, a weakness in the gold price, and collapses in the ruthenium and iridium markets reduced sales revenue per ounce of platinum by 17%
- * **Turnover** was thus 2% lower than in 1992 at R2,2 billion, despite the volume increases
- * **Gross costs** were 10% higher due to increased levels of production and reduced levels of refined stock
- * **Unit costs** (per ounce of platinum) decreased by 9%
- * **Income** from the supply of metals mined was down by 37% to R375 million due to the lower revenues and higher costs
- * **Income before lease, royalties and taxes**, was 32% down at R342 million; royalties increased by 76% to R15 million, and tax by 10% to R99 million principally because of reduced capital expenditures
- * **Attributable income** decreased by 22% to R201 million
- * **Net debt** at year end of R120 million, represents an increase of R40 million over 1992, but R90 million lower than mid-year
- * A R54 million cash call by Eastern Platinum, and reduction in cash balances held by other subsidiaries have meant that Implats's own operations were cash positive
- * **Expenditure** by Implats on future productive capacity was dramatically curtailed to R77 million (1992: R297 million)
- * **Capital expenditure** to maintain current capacity was R81 million. Total capex was R157 million (R411 million in 1992)
- * A final dividend of 95 cents per share gives a total dividend reduced by 18% from 170 cents to 140 cents per share
- * R9,7 million was provided for the group for future pollution control, rehabilitation and closure obligations
- * The JSE listing of Barplats was terminated on 11 June 1993
- * No strikes or major disturbances occurred during the year under review
- * In May acting chief Mr Mokgware George Molotlegi was appointed (as the nominated representative of the Bafokeng Tribe) to the Implats Platinum Ltd board
- * Bafokeng North exceeded the previous all-time southern African record of 4,15 million fatality free shifts (previously held by Wildebessfontein North).

We regret that eighteen employees died in accidents this year. Efforts to spread across all our operations the successful safe practices of Bafokeng North continue.

Restructuring and rationalisation have resulted in record levels of PGM production being achieved by 7 000 fewer employees than two years ago. Implats recognises with regret the social impact of retrenchment but sees no alternative to protecting the income base of the 40 000 employees who remain.

To reduce overheads the management structure at Bafokeng South was eliminated. Four mines have become three, with substantial cost savings forecast. This decision and further efficiency improvements at all the mines have resulted in a retrenchment programme for a further 2 000 employees being announced in June.

The literacy project has been impeded by the retrenchment programme and to meet the objectives of 80% literacy by the year 2000, annual training targets have been increased by 23%.

Housing projects, providing up to 4 000 stands and finance for employees, are at the stage where house construction on the first developed stands will start in September 1993.

The expansion target has been modified to 1,2 million ounces of platinum per year by financial year 1998. Upside potential to expand further remains and can be pursued if market conditions so dictate but this possibility is not part of the current projections. Capital expenditure will be funded without any significant increase in debt levels.

Immediate prospects are largely dependent on the variability in the rhodium price. While there are good reasons to expect a recovery in this commodity, it would be realistic to expect next year to be similar to or only slightly better than the year under review.

Michael McMahon

Michael McMahon
Chairman

13 August 1993

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United Kingdom:
Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

Consolidated Income Statement (Rm)

	1993	1992
Turnover	2 213,9	2 263,8
Cost of sales	1 839,2	1 671,2
On-mine operations	1 451,5	1 249,8
Refining activities	269,9	235,5
Other costs	86,6	82,5
Decrease in stock	31,2	103,4
Income from the supply of metals mined	374,7	592,6
Capital expenditure on current productive capacity	80,6	116,5
Income from platinum mining	294,1	476,1
Other income/(expense)	26,4	(7,2)
Financial income	21,0	36,4
Income before taxation	341,5	505,3
Lease, royalties and tax	114,0	98,8
Tax effect of expenditure on future productive capacity	42,9	179,1
Income after taxation	184,6	227,4
Share of net income from associates	16,7	29,9
Outside shareholders' interest	(0,6)	(1,5)
Attributable income	200,7	255,8
Extraordinary items	(14,3)	-
Appropriation for expenditure on future productive capacity	34,5	117,9
Transfer to non-distributable reserves	42,6	13,2
Distributable income for the year	109,3	124,7
Dividends declared	87,1	105,7
Retained income for the year	22,2	19,0
Shares in issue (millions)	62,2	62,2
Earnings per share (cents)	323	411
Dividends per share (cents)	140	170

Consolidated Balance Sheet (Rm)

	1993	1992
Ordinary shareholders' interest	2 556,6	2 408,3
Outside shareholders' interest	175,4	174,8
Provision for environmental obligations	31,5	21,8
Long-term liabilities	328,1	235,7
Deferred taxation	66,4	27,5
Capital employed	3 158,0	2 868,1
Fixed assets	2 324,0	2 250,1
Investments	586,8	490,4
Net current assets	247,2	127,6
Assets employed	3 158,0	2 868,1

For and on behalf of the board

J M McMahon

J M McMahon
Director

M V Mennell

M V Mennell
Director

Declaration of final dividend

Declaration of final dividend

A final dividend of 95 cents per share in respect of the year ended 30 June 1993 has been declared payable to members registered in the books of the company on 3 September 1993. The register of members will be closed from 6 to 17 September 1993, inclusive. The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom transfer office will be made net of non-resident shareholders' tax in United Kingdom currency at the rate of exchange ruling on 20 September 1993 or on the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 30 September 1993.

The full conditions of payment may be inspected at the offices of the transfer secretaries of the company.

By order of the board

Implats Services (Proprietary) Limited
Secretaries
per

H J Gaylard

H J Gaylard
Group secretary

13 August 1993

INTERNATIONAL COMPANIES AND FINANCE

Standard Chartered to appeal on US ruling

By Andrew Jack

STANDARD Chartered, the UK-based international banking group, is to pursue its legal case against accountants Price Waterhouse in connection with the firm's audit of United Bank of Arizona.

In a statement issued yesterday, Standard Chartered said it had filed a notice of appeal in Maricopa County, Arizona, against the decision by a state superior court judge to overturn a \$338m jury verdict against Price Waterhouse.

Judge John Sticht had last December granted Price Waterhouse's motion for a new trial in July 1992 after ruling that the verdict was inconsistent.

His judgment overturned a verdict in May last year after an 11-month trial which found against the firm on seven out of eight charges.

That left Standard Chartered with the option of appealing against the decision, pursuing a new trial or entering discussions for an out-of-court settlement.

The bank brought a lawsuit against the firm in 1988 alleging that Price Waterhouse failed to identify and report "material deficiencies" in the loan portfolio and internal control systems of United Bank of Arizona, and that its audits for 1985 and 1986 were negligent.

Standard Chartered bought United Bank in 1987 for \$335m. It made heavy losses and was sold 18 months later to Citicorp for \$207m.

Securities houses in joint venture
JH SUN Securities, the Taiwan securities house, has formed a joint venture with Seapower Financial Services of Hong Kong. AP-DJ reports from Taipei.

The venture will engage in cross-trading and investments between Hong Kong and Taiwan. Seapower Group is one of Hong Kong's five largest securities companies.

Toys 'R' Us sales advance 5.5% in second period

By Richard Waters in New York

SALES at Toys 'R' Us, the US toy retailer, grew by 5.4 per cent in the second quarter of the year to \$1.3bn, despite a fall in sales inside the US due to a lack of any big-selling new products during the quarter.

Net earnings in the period rose by 8.5 per cent to \$36.5m, or 12 cents a share, from \$32.7m, or 11 cents, a year earlier. This reflected a switch in sales towards higher-margin products and better control of inventory, said Mr Charles Lazarus, chairman and chief executive.

HK TV broadcaster posts profits up 27%

By Simon Davies in Hong Kong

TELEVISION Broadcasts, Hong Kong's leading television company, announced a 27 per cent increase in net profit to HK\$163.5m (US\$21.08m) for the six months to June 1993, up from HK\$128.3m in 1992.

Turnover was up only 8.5 per cent to HK\$871.5m, and the company said the earnings growth came from more efficient allocation of production resources and more aggressive marketing. However, international programme licensing revenues continued to be hampered by piracy from illegal Taiwanese cable TV operators.

TVB is controlled by Sir Run Run Shaw and Malaysian tycoon Mr Robert Kuok, who attempted to sell a 22 per cent stake to Mr Rupert Murdoch in July, only to be thwarted by Hong Kong's television ownership restrictions. Mr Murdoch was interested in accessing TVB's library of Chinese language programmes.

TVB faces competition with the launch of cable television in Hong Kong on October 31,

and from Mr Murdoch, who recently bought 64 per cent of Star, the satellite broadcaster.

The company plans to reap greater yields from its film library by launching its own satellite TV service next year.

The directors declared an interim dividend of 15 cents a share, compared with 12.5 cents in 1992.

● The directors of Hong Kong department store operator Sincere Company, who awarded themselves HK\$115m (US\$14.9m) in remuneration, against net profit before extraordinary items of HK\$47m yesterday agreed to repay a HK\$87m bonus fee. The payment had been approved by shareholders at the annual meeting, but was criticised by the financial community.

Mr Walter Ma, chairman, believes the fees were fair and reasonable. However, he said that "with a view to maintaining the good name of the company", the directors had volunteered to repay the fees.

During the year the group sold its headquarters building, reaping a HK\$1.08m extraordinary profit.

Impala cuts payout as metal prices weaken

By Philip Gawth in Johannesburg

SOUTH AFRICA'S Impala Platinum, the world's second-largest producer, is cutting its dividend by 18 per cent to 140 cents per share in the year to June as weak metal prices caused attributable income to fall by 22 per cent to R200.7m (\$59.70m).

The weak financial results disguised a considerable improvement in group operating performance. Mr Michael McMahon, chairman, said the group had left behind the technical and industrial relations problems of 18 months ago.

"The on-going process of technical advance and improving operational efficiencies have put the group in a position to survive and compete in the current market and to face the future from a more robust base," he said.

Although the group achieved record production levels, a 17 per cent reduction in the total sales revenue per ounce of platinum to R2,010, caused turnover to fall by 2 per cent to R2.21bn from R2.26bn. Mining income dropped by 38 per cent to R294.1m from R478.1m.

Increased production and tight cost control saw unit costs fall by 9 per cent. This followed retrenchment measures which saw the labour force decline by 18 per cent - 8,000 people - between December 1991 and June this year.

Capital expenditure was curtailed drastically to R157m from R411m in 1992. Impala is now planning only a modest production increase, to 1.2m ounces a year by 1996 from 1.1m ounces currently. There is no immediate prospect of the Barplats or Messina operations being reopened.

Mr McMahon said future performance would depend largely on movements in the rhodium price. He said "it would be realistic to expect next year to be similar to or only slightly better than the year under review".

Broker gets a lifeline from Daiwa

Emiko Terazono examines the Japanese bank's purchase of Cosmo

DAIWA Bank sees its rescue of Cosmo Securities - the schedule for which is due to be announced today - as a wholly natural move.

The two institutions are former operations of Nomura Shoten, a money exchanger set up by Tokushichi Nomura in the late 19th century. "They are like brother companies," says an official at Japan's ministry of finance.

Mr Hiroshi Nakano, president of Cosmo, said the company had posted extraordinary losses of ¥88.8bn (\$682m) due to its *tobashi* deals, or shuffling of one client's account to another to avoid realisation of investment losses. "The only way for Cosmo to survive is to become a subsidiary of Daiwa."

Cosmo has a negative net worth of ¥7.1bn, and its capital adequacy ratio had plunged to a negative 290 per cent. Daiwa will inject ¥70bn to ¥80bn through share purchases.

The situation is a clear embarrassment to the ministry of finance and the Securities and Exchange Surveillance Commission, Japan's securities watchdog set up last year. Cosmo said it had found out

about the *tobashi* deals early last year, but had not informed the authorities.

The ministry took action against Cosmo over a number of separate *tobashi* cases late last year. The SESSC, which had investigated the broker, had failed to uncover the crippling losses.

Although Mr Hirohisa Fujii, finance minister, last week claimed Cosmo's operations were unrepresentative of other small brokerages, many analysts suggest that Cosmo could be the tip of the iceberg. The ministry has started an investigation of 48 brokerages to look for irregular share trading.

The rescue will leave Daiwa with more than 50 per cent of Cosmo, making it the first bank to own a stock brokerage affiliate. The anti-monopoly law prohibits banks from holding more than 5 per cent of a company, but in Cosmo's case this ruling has been waived.

From April, Japanese banks have been allowed partial entrance into the securities industry.

Ministry of finance officials say that the exception was made because the stock market is still fragile and the economy

has yet to recover. "This does not mean we will not let a single broker fail," said Mr Sobai Hidaka, director-general of the ministry of finance. But some analysts assess that Daiwa's acquisition of Cosmo may accelerate the pace of deregulation of the barrier between the country's banking and securities industries.

The government drew up plans in the late 1980s to allow banks into the securities industry. The move met with fierce opposition from Japan's stock brokers and the recent weakness of the stock market has tended to slow the banks' entrance into the business.

However, the government's decision to allow Daiwa to rescue Cosmo through acquisition comes as brokerages, especially the smaller houses which depend on commissions from retail operations for revenue, are in dire need of financial help as trading volume on the stock market has plunged. Cosmo itself posted a pre-tax loss of ¥150m for the first four months to July.

In the near-term, the Cosmo bail-out is likely to place a

heavy financial burden on Daiwa, which will need to pump in additional funds for the broker's restructuring. Moody's Investors Service, the US credit ratings agency, yesterday said it was placing Daiwa Bank under review for a possible downgrade.

Longer term, however, all that could change. According to Mr David Marsh, analyst at IBCA, the banking credit agency, Daiwa is in an exciting position with trust banking, commercial banking and broking as its three main operations.

Investors on the Tokyo stock market remained calm, with the leading Nikkei average moving ahead yesterday. A Cosmo spokesman said while some individual investors had cancelled their accounts, most corporate investors remained undeterred.

● Japan Credit Research Agency is reviewing its J2 rating of the commercial paper and Triple-B-minus rating of convertible bonds of Cosmo Securities. AP-DJ reports from Tokyo. Japan Bond Research Agency also is reviewing Cosmo for possible downgrading.

NEWS DIGEST

Pacific Dunlop reshapes pact

PACIFIC Dunlop, the Australian industrial group, has restructured its joint venture marketing and distribution agreement with Adidas, the German sporting goods maker, writes Bruce Jacques in Sydney.

Under the new arrangement, Pacific Dunlop will hold a 51 per cent interest in a new joint venture which will take over and expand a licensing agreement held by the company for Adidas products since 1974.

Mr Philip Bass, Pacific Dunlop managing director, said yesterday the new joint venture would significantly improve competitiveness for the Adidas business.

"The joint venture will allow the Australian business to source independently key prod-

ucts specifically for the Australian market which currently are not in Adidas Germany's international range," he said.

Peerless chief warns on impact of Nafta

PEERLESS, one of North America's biggest carpet groups, will probably manufacture in Mexico if the North American Free Trade Agreement is approved, and shift its US and Canadian mills to more specialised products, writes Robert Gibbons in Montreal.

Industry over-capacity would mean that an upsurge in Mexican production would take some years to materialise, but "there is no mistake about the implications of Nafta," Mr Bram Garber, chairman, said after the annual meeting.

In the US, Peerless was gaining market share and conditions were improving slightly, he said. But in Canada, the

market continues to be soft and Peerless is rationalising its distribution system.

Peerless will reduce losses in the current quarter ending August 31, and return to profitability in the third quarter, Mr Garber added.

In fiscal 1993, it lost C\$2.2m (US\$4m) on sales of C\$96m.

Australian publisher turns in AS\$62.8m

WEST Australian Newspapers, the publishing group, made a net profit of AS\$62.8m (US\$42.6m) for the year to June, writes Bruce Jacques. The dividend is 22 cents a share.

Colgate increases stake in Indian firm

COLGATE Palmolive is paying \$25m to lift its shareholding in its Indian business, to 51 per

cent from 40 per cent, writes R.C. Murthy in Bombay.

The US group will purchase 11.93m shares of Colgate Palmolive India. The Indian company plans a scrip issue and will also make a one-for-10 rights issue at Rs15 a share.

Colgate is the leader of Indian toothpaste market with 60 per cent share, but lags Hindustan Lever and Procter and Gamble in personal products and fabric care items.

Seibu Saison plans to list hotels chain

JAPAN'S Seibu Saison group, led by supermarket operator Seiyu, will list its wholly-owned International Hotels Chain (IHC) in either New York or London in two or three years, Reuters reports from Tokyo. Saison will spin off IHC's hotel operating and property management arms into two units and list the former.



Akzo nv Registered Office at Arnhem

Report for the 1st half year of 1993*

Consolidated statement of income		January-June	
Millions of guilders		1993	1992**
Net sales		8,362.9	8,754.7
Operating costs		(7,809.1)	(8,039.6)
Operating income		553.8	715.1
Financing charges		(116.6)	(129.4)
Operating income less financing charges		437.2	585.7
Taxes		(126.7)	(184.4)
Earnings of consolidated companies from normal operations, after taxes		310.5	401.3
Earnings from nonconsolidated companies		43.8	32.7
Extraordinary items		(41.1)	1.2
Earnings before minority interest		313.2	435.2
Minority interest		(3.3)	(11.1)
Net income		309.9	424.1
Net income per common share of Hfl 20, in guilders		6.73	9.22
Common stock, in thousands of shares		46,056	45,996

Note:

- The data included in this report are unaudited.
- Starting in 1993, results in hyperinflation countries are accounted for by a procedure designed to eliminate the effect of inflation on sales, operating income, and financing charges. Operating income and financing charges are thus uniformly reduced. In addition, interest costs for pension and similar provisions are no longer charged to operating income but accounted for as financing charges. Neither charge affects net income. The figures for the first six months and the second quarter of last year have accordingly been restated for comparison.

Sales and income
Net income before extraordinary items for the second quarter of 1993 was Hfl 180 million, down Hfl 37 million from last year's corresponding quarter.
With extraordinary items included, net income was Hfl 152 million, compared with Hfl 218 million in the second quarter of 1992. Operating income was Hfl 275 million versus Hfl 370 million. The contribution from the Pharma Group was up slightly; operating income for the other Groups was significantly lower than last year. Higher figures were achieved in the United States.

Net income for the first half of 1993 was Hfl 310 million, compared with Hfl 424 million for the prior-year period. Net income per common share was down from Hfl 9.22 to Hfl 6.73.

Copies of the complete report may be obtained from the London Paying Agents: Barclays Bank PLC, Stock Exchange Services Department, 168 Fenchurch Street, London EC3P 3HP and Midland Securities Service, Suffolk House, Queens Agency Section, 5 Laurence Pountney Hill, London EC4R 0EU. The report for the 3rd quarter of 1993 will be published on November 5, 1993.

HALLWOOD HOLDINGS S.A.

Registered office: Luxembourg, 14 rue Aldringen
R.C. Luxembourg B-13.142

Notice to Shareholders

Notice to the holders of warrants at bearer issued in relation with the 15% Guaranteed Notes due 1994 issued initially by Stanwick Corporation S.A. (presently Hallwood Holdings S.A.)

An extraordinary general meeting of shareholders of Hallwood Holdings S.A. (the "Company") of 5 July 1993 has decided to amend the Articles notably on the following points:

- The corporate capital and share-premium account of the Company have been reduced and each shareholder who has not prior to the date of the Company's general meeting made known his intent to receive securities in kind is now entitled to an amount of 5 x US\$ 3,8735, being US\$ 19.37 per reclassified entire share.
- The number of shares in issue has been divided by five and each holder of a bearer share certificate representing old shares is invited to present same at Banque Générale du Luxembourg in order for the bearer share certificates which shall now represent each one fifth of a share of the Company to be stamped.
- The holders of bearer shares may also convert these free of charge into registered shares for which fractions of shares may be issued. In case the number of former bearer shares does not allow for a division by five, fractions of shares may either be converted to registered shares or presented for redemption which will be effected by the Company at the estimated value of the shares as per the audited consolidated accounts at March 31, 1993.
- The Company will proceed to the payment of their pro rata amount of the reduction of capital and share-premium reserve account to registered shareholders by cheque sent to their latest verified address and, in respect of bearer shares upon presentation of the certificates in view of their stamping.
- After September 30, 1993 only stamped bearer share certificates shall be of good delivery.
- The holders of the 90 warrants issued in 1984 in relation with the issue of the Guaranteed Note due April 30, 1994 are informed that, pursuant to the division by five of the total number of shares issued by the Company the latter has agreed with the Agent (Interalliance Bank Zürich AG, St. Albansquai 1, CH-8002 Zurich, hereafter the "Agent") representing the warrantholders to an addendum to the agreement governing the condition of exercise of these.

Each lot of five warrants will, as from now on, entitle to the subscription of 1,200 shares of the Company at the agreed exercise price of 25% below the consolidated net value per share as at April 30, 1994 as certified by the statutory auditor.

The holders of warrants the number of which cannot be divided by five are informed that the Agent is at their disposal, during the exercise period from April 30 through May 30, 1994, assist in the presentation of lots of five warrants to the Company in view of their exercise.

By order of the Board

NOTICE OF PREPAYMENT



Crédit Commercial de France

US\$ 250,000,000 Floating Rate Notes due 1994

In accordance with paragraph Optional Redemption of the Description of the Notes, notice is hereby given that Crédit Commercial de France will prepay, on August 31, 1993, all the Notes remaining outstanding i.e. US\$ 49,500,000 at 100% of their principal amount. Payment of interest due on August 31, 1993 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Notes.

Interest will cease to accrue on the Notes as from August 31, 1993.

Luxembourg, August 17, 1993

The Fiscal Agent

Kreditbank Luxembourg

URBAN DEVELOPMENT

The Financial Times plans to publish this Survey on

THURSDAY, 21st OCTOBER, 1993

It will be published from our print centre in Tokyo, New York, Frankfurt, London and Sydney. It will be sent by air to all Financial Times offices in 180 countries world-wide.

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FT SURVEYS

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Alliance & Leicester Building Society

£50,000,000

Subordinated Variable Rate

Notes 1998

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest for the Notes will increase from 11.5% per annum, on 11th November 1993, to 11.75% per annum, on 11th November 1993, to 12.0% per annum, on 11th November 1993, to 12.25% per annum, on 11th November 1993, to 12.5% per annum, on 11th November 1993, to 12.75% per annum, on 11th November 1993, to 13.0% per annum, on 11th November 1993, to 13.25% per annum, on 11th November 1993, to 13.5% per annum, on 11th November 1993, to 13.75% per annum, on 11th November 1993, to 14.0% per annum, on 11th November 1993, to 14.25% per annum, on 11th November 1993, to 14.5% per annum, on 11th November 1993, to 14.75% per annum, on 11th November 1993, to 15.0% per annum, on 11th November 1993, to 15.25% per annum, on 11th November 1993, to 15.5% per annum, on 11th November 1993, to 15.75% per annum, on 11th November 1993, to 16.0% per annum, on 11th November 1993, to 16.25% per annum, on 11th November 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7	(Over 5 years) (11)	180.98	-0.12	180.77	0.62	3.21
8	All stocks (13)	180.81	-0.10	180.44	0.76	3.32
9	Debt & Loans (55)	142.48	-0.25	142.03	1.66	7.62
10	Inflation rate 10%					
	Over 5 yrs				3.15	3.31
	5 years				7.80	7.96
	15 years				8.16	8.25
	25 years				8.31	8.38
11	Dolls & Loans					
12	10 years					10.70
13	15 years					10.41
14	25 years					10.27

COMPANY NEWS: UK

Move to selling by mail order being considered Argos jumps 38% to £13.2m

By Neil Buckley

ARGOS, the catalogue shopping group, said yesterday it was examining a "number of options" for diversification and hinted that a move into direct mail order selling might be a possibility.

Argos' venture into furniture retailing through its Chesterman chain proved to be a costly error as customer demand failed to meet expectations, and Chesterman was closed in March. But Mr Mike Smith, chief executive, said the company was still keen to extend its retail activities into areas "consistent with our competence".

If Argos failed to find a suitable opportunity for expansion or acquisition it had not ruled out redistributing some of its cash reserves to shareholders in the form of higher dividends, he added.

His comments came as the group revealed a 38 per cent rise in interim pre-tax profits to £13.2m.

Mr Smith said the company had seen a fragile recovery in consumer confidence and total sales in the 24 weeks to June 19 were up 10.3 per cent to £368m (£332m).

Stripping out the effect of

seven new store openings, however, the like-for-like sales increase was 5.9 per cent. Mr Smith said much of this increase was due to "management initiatives, including the conversion of its remaining 'Best Sellers' stores, which previously carried only a limited range, to a full range, and changes to its catalogue."

Last year's pre-tax figure of £9.5m included a £2.5m loss at the Chesterman furniture chain. Excluding that loss, the profit increase was 11.8 per cent.

Although profits were in the mid-range of analysts' forecasts of between £12m and £14m, the share price slipped 10p to 329p.

Analysis said the City was worried that Argos faced higher costs, and pressure on its gross margin.

Mr Smith said the gross margin last year increased by 0.25 percentage points, thanks to increased sales of higher margin items such as furniture and jewellery.

However, he admitted that growing price competition in UK retailing would "drive gross margins down".

The interim dividend is lifted to 2.35p (2.3p), while earnings rose from 2.06p to 2.30p.



Mike Smith (left) with Bob Stewart, finance director: a further 25 store openings are planned this year, taking the total to 322

Interest income fell slightly due to lower interest rates, but this was partly offset by an increase in average cash balances to £112m (£89m).

Mr Smith said Argos planned to open a further 25 stores this year, taking the total to 322. It has an eventual target of about 600 stores.

ADT hit by absence of exceptional income

By Peggy Hollinger

ADT, the security and vehicle auctions group which recently completed a £1.25bn (£890m) restructuring, yesterday reported a 9 per cent decline in interim pre-tax profits to \$68.7 on net sales marginally higher at \$678.5m.

The decline over the six months to end-June was largely due to the absence of exceptional gains which had flattered 1992's profits by \$15.5m. At the operating level, ADT reported a 9 per cent increase to \$97.6m.

Net income fell by 20 per cent to \$58.4m, after an \$8m rise in the tax charge to \$10.3m.

Mr Michael Ashcroft, chairman, said the successful conclusion of the restructuring earlier this month meant the group now had "a stable long-term financial structure which will allow the group to continue to develop its two businesses".

The security services division showed a 7 per cent increase in operating income to \$69.9m on sales 2 per cent higher at \$453.9m. The strongest advance was made in the residential business, with sales 38 per cent ahead of the previous year.

Profits from the vehicle auctions division rose by 8 per cent to \$42.1m on sales 2 per cent higher at \$182.2m. Mr Ashcroft said sales had risen in both the UK and US in the second quarter. In the US, sales were 4 per cent higher. In the UK, higher prices due to a supply shortage left volumes 6 per cent up.

Primary earnings per share fell from 57 cents to 45 cents.

ADT also announced yesterday that it intended to redeem its outstanding exchangeable redeemable preference shares at the end of next month. More than 90 per cent of the total had already been exchanged for BAA shares, the group said.

The redemption value of the preference shares was \$10.6m. If exchanged into BAA shares, the stock would be worth approximately \$19m.

RTZ Pillar up for sale to help focus on mines

By Kenneth Gooding, Mining Correspondent

UNTIL YESTERDAY, the RTZ Corporation had never publicly admitted that the diverse group of companies gathered together under the RTZ Pillar banner was up for sale.

Yet for years it has been clear that there was no place for Pillar if RTZ - as it promised - was to concentrate on its core business.

RTZ's strategy is a simple one: it wants a share in as many of the world's top-class mines as possible - and Pillar's motley collection of downstream industrial products certainly does not fit this bill.

This strategic emphasis was clear even before RTZ in 1989 became the world's biggest mining group with the \$3.7bn (£2bn) purchase of most of British Petroleum's mineral and mining assets.

Pillar contributes most of RTZ's UK profits. Turnover of Pillar last year was £1.42bn but it produced only £17m of net attributable profits compared with a peak contribution of £162m in 1988. The following year the UK recession began to take its toll, and Pillar was always among the first businesses to suffer in an economic downturn. Since then the Pillar management has been "restructuring to match capacity with demand" and the workforce has been cut by 7,000 to about 18,000.

Although RTZ insists its policies are never tax-driven, there were good tax reasons for keeping those remaining UK earnings. However, if the UK government goes ahead with plans to change the present corporate tax system which discriminates against companies like RTZ with substantial overseas earnings, the rationale for retaining Pillar will have gone completely.

RTZ acquired Pillar Industries in 1970. Pillar was a large user of aluminium for castings and RTZ was a big supplier of the metal in the UK so it was argued that the two made a good fit.

In 1988 the business took a leap forward with the acquisition of MK Electric for £260m - after an aggressive dawn raid that netted 20 per cent

of MK. Three smaller electrical companies were acquired for £23m shortly afterwards. The explanation for this expense was that MK's electrical products would dovetail with Pillar's business for making aluminium, steel, glass and plastic products for the construction industry.

Pillar's best-known business, apart from MK, was Everest double glazing - but this was sold to MB-Caradon in 1986 for £20m. However, RTZ recently picked up the name and some assets of the Alpine double glazing business which is in receivership.

There are four operating subsidiaries within Pillar: building products, engineering, electrical and Indal Industries.

Building products supplies the housing and construction industries in the UK, Portugal, Italy and Denmark with products including steel lintels, aluminium and wooden windows, steel and plastic cladding and DIY equipment. Last year it contributed £10.6m of net profit, up from £9.7m.

Engineering provides products and services to the aviation, automotive and general engineering industries in the UK. Net profit last year was down from £13.3m to £8m.

Electrical produces a wide range of electrical goods including wiring devices, power distribution systems, security and safety systems, doorbells, emergency lighting and building management systems. Net profits last year were down from £24m to £18.5m.

Indal is a diversified industrial company supplying doors and windows, glass, zinc, steel, aluminium, vinyl and wood products, cladding systems and automotive components in North America. Its net losses last year increased from \$5m to \$9m.

There is no guarantee that any deal will be worked out with MB-Caradon but, now it is widely known that Pillar is up for sale, there should be no shortage of offers. RTZ likes to drive a hard bargain when selling assets so whether an acceptable offer comes along remains to be seen.

WB Inds cuts losses to £795,000

WB INDUSTRIES, the West Bromwich-based spring maker whose shares were suspended at 10p last November, reduced pre-tax losses for the year to December from £1.89m to £795,000.

Turnover fell to £8.99m (£9.67m). Losses per share were 12.38p against 70.83p after an extraordinary charge of £3.65m.

The company said it still relied heavily on bank support. Its recovery "will be slow, taking two to three years to see the property assets contributing materially to profits and cashflow."

The spring business should return to profit next year, it said.

Sotheby's hits \$19m on back of sales boost in Europe and US

By Peter Pearce

SOTHEBY'S Holdings, the auction house, more than doubled pre-tax profits from a recession-induced low of \$9.09m to \$19.1m (£12.6m), in the six months to June 30.

The group is controlled by the Detroit-based Taubman family but is still quoted in London and New York.

Mr Michael Ansline, president and chief executive officer, ascribed the profits advance both to the rise in the auction sales volume in Europe and the US and to the increase in the buyers' premium.

Previously, buyers and sellers were charged 10 per cent of the hammer price on all lots sold; since January 1, buyers

have paid 15 per cent on the initial \$30,000 of all purchases and thereafter 10 per cent.

Operating income from auctions leapt to \$17.4m (\$6.11m) on revenues of \$114.5m (\$101m). Pre-tax income from auctions totalled \$19m (\$9.05m).

Also real estate profits grew to \$1.36m (\$913,000). However, income from financial services declined to \$1.45m (\$1.82m) "principally due to the lower revenues associated with a smaller loan portfolio", which has been reduced in line with the general economic as well as art market conditions.

Corporate operating expenses swelled to \$3.06m (\$2.72m).

Earnings expanded from 10 cents to 21 cents per share.

Auction sales were ahead 31 per cent at \$148m, or 12 per cent at \$635m allowing for a \$40.5m reduction for adverse currency exchange rates.

The renewed activity had come from both buyers and sellers, said Mr Ansline.

This time 40 lots were sold for more than \$1m, against 33 last time. Impressionist and Modern art increased sales from \$72.4m to \$135.5m, with one painting by Cézanne, Nature Morée: Les Grosses Pommes - fetching a record \$28.8m.

Jewellery also saw "significantly improved sales".

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, August 16, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ SIG	US \$	D-MARK	YEN	COUNTRY	£ SIG	US \$	D-MARK	YEN	
Albania	(Albanian)	211.57	142.71	845.49	141.03	Canada	(US)	1.2595	0.9342	5.2901
Algeria	(Algerian)	161.15	108.67	621.97	107.43	Chad	(CFA franc)	2.4833	1.8551	8.3333
Angola	(Angolan)	20.325	13.788	77.12	19.553	China	(Yuan)	8.2756	6.2459	26.456
Argentina	(Argentine)	166.23	110.81	621.97	107.43	Czech Rep	(Czech)	20.36	15.56	65.53
Australia	(Aust)	1.5478	1.0636	6.0662	24.666	Denmark	(Danish)	6.56	4.96	19.36
Austria	(Aust)	1.3563	0.9042	4.7563	18.756	Egypt	(Egyptian)	4.7563	3.563	14.256
Bahamas	(Bahamian)	1.00	0.70	3.00	12.00	France	(Franc)	6.56	4.96	19.36
Bahrain	(Bahraini)	1.00	0.70	3.00	12.00	Germany	(Mark)	1.00	0.70	3.00
Bangladesh	(Bangladeshi)	1.00	0.70	3.00	12.00	Ghana	(Cedi)	2.4833	1.8551	8.3333
Barbados	(Barbadian)	1.00	0.70	3.00	12.00	Greece	(Drachma)	20.36	15.56	65.53
Belgium	(Belgian)	6.56	4.96	19.36	78.36	Hong Kong	(Hong Kong)	7.756	5.856	23.256
Belize	(Belizean)	1.00	0.70	3.00	12.00	India	(Rupee)	8.2756	6.2459	26.456
Bermuda	(Bermudian)	1.00	0.70	3.00	12.00	Indonesia	(Rupiah)	1,547.8	1,160.8	4,756.3
Bhutan	(Bhutanese)	1.00	0.70	3.00	12.00	Italy	(Lira)	2,036.0	1,526.0	5,856.3
Bolivia	(Bolivian)	1.00	0.70	3.00	12.00	Japan	(Yen)	1.00	0.70	3.00
Bosnia	(Bosnian)	1.00	0.70	3.00	12.00	Korea	(Won)	1,000.0	750.0	3,000.0
Brazil	(Brazilian)	1.00	0.70	3.00	12.00	Malaysia	(Ringgit)	3.756	2.856	11.256
Bulgaria	(Bulgarian)	1.00	0.70	3.00	12.00	Mexico	(Peso)	20.36	15.56	65.53
Burkina Faso	(Burkinabese)	1.00	0.70	3.00	12.00	Moldova	(Leu)	2.4833	1.8551	8.3333
Burundi	(Burundian)	1.00	0.70	3.00	12.00	Monrovia	(Liberian)	1.00	0.70	3.00
Cambodia	(Cambodian)	1.00	0.70	3.00	12.00	Norway	(Krone)	6.56	4.96	19.36
Cameroon	(Cameroonian)	1.00	0.70	3.00	12.00	Poland	(Zloty)	20.36	15.56	65.53
Canada	(Canadian)	1.00	0.70	3.00	12.00	Romania	(Leu)	2.4833	1.8551	8.3333
Cape Verde	(Cape Verdean)	1.00	0.70	3.00	12.00	Russia	(Ruble)	8.2756	6.2459	26.456
Cayman	(Caymanian)	1.00	0.70	3.00	12.00	Saudi Arabia	(Riyal)	3.756	2.856	11.256
Chad	(Chadian)	1.00	0.70	3.00	12.00	Senegal	(Franc)	2.4833	1.8551	8.3333
Chile	(Chilean)	1.00	0.70	3.00	12.00	Singapore	(Dollar)	1.00	0.70	3.00
China	(Yuan)	8.2756	6.2459	26.456	107.43	Slovakia	(Slovak)	20.36	15.56	65.53
Colombia	(Colombian)	1.00	0.70	3.00	12.00	Slovenia	(Tolar)	20.36	15.56	65.53
Costa Rica	(Costa Rican)	1.00	0.70	3.00	12.00	South Africa	(Rand)	1.00	0.70	3.00
Cote d'Ivoire	(Ivorian)	1.00	0.70	3.00	12.00	Spain	(Peseta)	20.36	15.56	65.53
Croatia	(Croatian)	1.00	0.70	3.00	12.00	Sweden	(Krona)	6.56	4.96	19.36
Cuba	(Cuban)	1.00	0.70	3.00	12.00	Switzerland	(Franc)	6.56	4.96	19.36
Cyprus	(Cypriot)	1.00	0.70	3.00	12.00	Taiwan	(Dollar)	1.00	0.70	3.00
Czech Rep	(Czech)	20.36	15.56	65.53	78.36	Tanzania	(Shilling)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Thailand	(Baht)	2.4833	1.8551	8.3333
Dominica	(Dominican)	1.00	0.70	3.00	12.00	Togo	(CFA franc)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Tonga	(Pa'anga)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Trinidad	(Dollar)	1.00	0.70	3.00
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Tunisia	(Dinar)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Turkey	(Lira)	2,036.0	1,526.0	5,856.3
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Uganda	(Shilling)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Ukraine	(Hryvnia)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Uruguay	(Peso)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	USA	(Dollar)	1.00	0.70	3.00
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Venezuela	(Bolívar)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Zambia	(Kwacha)	2.4833	1.8551	8.3333
Dominican Rep	(Dominican)	1.00	0.70	3.00	12.00	Zimbabwe	(Dollar)	2.4833	1.8551	8.3333

Special Drawing Rights August 13, 1993 United Kingdom £0.92592 United States \$1.00000 Germany 1 Mark = 1 Reichsmark 1933-1948 Japan 1 Yen = 100 Ryo 1944-1945
European Currency Unit August 16, 1993 United Kingdom £0.79363 United States \$1.18353 Germany 1 Mark = 1 Reichsmark 1933-1948 Japan 1 Yen = 100 Ryo 1944-1945

Abbreviations: £ Pound sterling; \$ US Dollar; D-Mark Deutsche Mark; Yen Japanese Yen; CFA franc Central African Franc; Cedi Ghanaian Cedi; Lira Italian Lira; Mark German Mark; Krona Swedish Krona; Shilling East African Shilling; Baht Thai Baht; Ringgit Malaysian Ringgit; Peso Mexican Peso; Leu Romanian Leu; Ruble Russian Ruble; Riyal Saudi Arabian Riyal; Franc CFA franc; Dollar US Dollar; Tolar Slovenian Tolar; Rand South African Rand; Peseta Spanish Peseta; Krona Swedish Krona; Dollar US Dollar; Baht Thai Baht; Ringgit Malaysian Ringgit; Peso Mexican Peso; Leu Romanian Leu; Ruble Russian Ruble; Riyal Saudi Arabian Riyal; Franc CFA franc; Dollar US Dollar; Tolar Slovenian Tolar; Rand South African Rand; Peseta Spanish Peseta; Krona Swedish Krona; Dollar US Dollar; Baht Thai Baht; Ringgit Malaysian Ringgit; Peso Mexican Peso; Leu Romanian Leu; Ruble Russian Ruble; Riyal Saudi Arabian Riyal; Franc CFA franc; Dollar US Dollar; Tolar Slovenian Tolar; Rand South African Rand; Peseta Spanish Peseta; 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Care in the Community Act has limited impact on occupancy

Takare improves to £6.58m

By Maggie Urry

TAKARE, the largest UK nursing home operator, yesterday reported a 16.8 per cent rise in interim pre-tax profits, excluding exceptional items, to £6.58m.

The period, to end-June, covered the implementation on April 1 of the Care in the Community Act which shifted the burden of public funding of nursing home patients from central to local government.

Mr Keith Bradshaw, chairman, said the effect of the reforms had been to reduce occupancy levels from 96 to 97 per cent. Takare's success during this period led him "to view our prospects with a greater degree of optimism than ever before".

He said that local authorities had now got the clinical and financial procedures in place to handle admissions. Local authority admissions, depressed partly by a rush of patients into homes before April 1, had totalled 36 in April, 41 in May, 79 in June and 107 in July. The July total had already been achieved in August, he said.

Turnover rose 65 per cent to £34.9m, and operating profits on continuing businesses rose 73 per cent to £3.7m.

A 45 bed home was sold during the period for £712,000, giving a profit of £370,000 included as an exceptional item. Another home, the only one remaining in Takare's portfolio which does not conform to its purpose-built standard, is being actively marketed. It has



Virginia Bottomley: health secretary

120 beds and is expected to raise substantially more than the other sale.

Takare paid interest of £1.7m, compared to interest receivable of £338,000, after capitalising £985,000 (£2m).

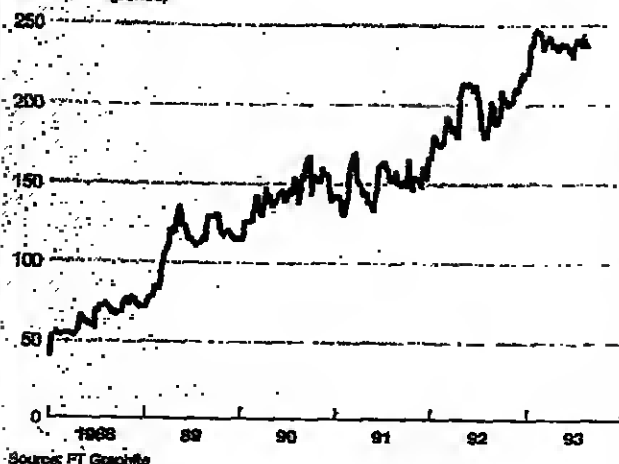
The group opened 480 beds and another 450 are due to be commissioned in the second half to give a year end total of 5,220. Mr Bradshaw said by the end of 1994 there would be 6,900 beds in operation and another 1,400 under construction.

Mr Bradshaw said the construction programme was biased towards the second half and total capital spending for the year would be similar to the £40.9m spent in the whole of 1992.

During the half year, the group spent £14.1m on fixed

Takare

Share price (pence)



Source: FT, Comptel

assets, reducing cash by £7.4m. The balance sheet showed net debt of £45.2m (£37.5m at the year end) to give gearing of 46 per cent (41 per cent).

Next month Takare is freed from a promise not to issue equity for two years. Mr Bradshaw emphasised the company had cash of over £5m and undrawn bank facilities of £45m, and could continue its expansion programme until the second quarter of 1995 before needing to raise more money, although if that option was pursued it would push gearing towards 100 per cent.

Earnings per share were 6.6p excluding the exceptional profit of 7p including it (5.7p).

The interim dividend goes up from 0.6p to 0.7p.

COMMENT

The nursing home sector of the stock market is now worth £200m, with Takare the leading force. Its results, like those last week of Westminster Health Care, the number two, are encouraging in that the April 1 reforms seem to have had little serious effect on operations even in the short term. In the longer term, Takare and its like should benefit from the changes, providing the right cost/quality combination to local authority purchasers. As the sector expands, though, there will be some sorting out. Takare is one of the better placed, and on forecasts of about £142m excluding exceptional items, the shares are on a prospective p/e of 18.6 which is still good value.

Bakyrchik joint owner surprises with sale

By Kenneth Gooding, Mining Correspondent

FIVE DAYS after trading started in Bakyrchik Gold, a company set up to exploit a gold mine in Kazakhstan, one of the previous joint owners, Chilwech, a New York-based trading organisation, has sold virtually all its 25 per cent stake.

The sale took the market by surprise - there was no hint of it to documents issued in connection with the £3m placing by Williams de Broë - but BK Gold's share price remained steady after the news at 140p, a 17 per cent premium to the placing price.

Chilwech is understood to have been under some pressure from its bankers and sold at 128p a share to raise £3.8m to pay off bank debt.

The shares went to institutions who had had their applications scaled down in the original placing. Withpro, the Australian resources and engineering group which was BK Gold's other joint owner, also sold some shares - \$80,000 received from Chilwech as part of its disposal and 190,000 from its own holding - to raise nearly £1m to fund costs incurred in bringing BK Gold to the market.

Minpro still owns 23.7 per cent of BK Gold and has no intention of disposing of any more shares for at least a year.

Mr David Hooker, BK Gold chairman, said the Chilwech shares were placed last week when it was clear that demand at the placing was unsatisfied.

"We are delighted the market was strong enough to take the shares. It is better for the stock to go out all at once like this than to be dumped or dribbled out to the market," he said.

Powell Duffryn buys

Powell Duffryn, the Berkshire-based specialist engineer, has purchased Pressure Systems, a US supplier of breathing air equipment, for \$2.7m (£1.8m) cash.

Based in North Carolina, Pressure Systems has an annual turnover of some \$7m. It employs a workforce of 50.

Hoars to sell major stake in Hoskins

By Philip Rowstone

MR BARRIE Hoar, chairman of Hoskins Brewery, which is facing its second shareholders' rebellion within a year, said yesterday that his family had decided to sell a majority of its 30 per cent shareholding.

He announced the decision as the USM-quoted Leicester real ale brewer reported a 16 per cent increase in full year pre-tax profits to £26,226 (£21,060).

Mr Hoar described the 13 months to end-March as a period of "turmoil in the marketplace".

At the operating level profits declined from £214,749 to £148,701 on turnover 30 per cent lower at £1.22m. Earnings per share rose 28 per cent to 1.77p.

The company, which disposed of nine of its pubs in October last year for £2.45m, now had cash balances of about £350,000, Mr Hoar said. Interest charges declined from £137,932 to £84,123 while interest income rose from £5,243 to £31,648.

The accounts included an extraordinary charge of £35,254 (£53,126) for the costs of defending last year's unsuccessful attempt by a number of shareholders to remove Mr Hoar and his brother, Robert, from the board.

Other dissident shareholders, led by Mr Richard Holman, who has a 7.4 per cent holding, have now called for an extraordinary meeting in a further attempt to remove the two directors.

Mr Barrie Hoar said yesterday that attacks from dissident shareholders had disrupted efforts to reposition the company. As a result, the Hoar family would sell a majority of its shareholding provided it could ensure that new management would be in the long term interest of all shareholders.

Benson doubles to £1.92m with help from acquisitions

By Paul Chesser, Midlands Correspondent

ACQUISITIONS helped Benson Group, the Wolverhampton-based engineer, double annual profits but Mr Richard Phillips, chairman, warned that although there had been some upturn, the pattern of demand was uneven.

Pre-tax profits over the year to May 31 were £1.92m, against £915,000.

Turnover increased to £26.8m (£12.6m). The sharp rise reflected the purchase in March 1992 of the Thama group of companies, a move which effectively doubled the size of the group.

Earnings per share of 1.45p showed a 33 per cent increase. The proposed final dividend is 0.2p, bringing the total to 0.3p (0.1p).

Earnings were sustained by a low tax charge, following on the tax losses which have been

carried forward since Mr Phillips and his management team took over three years ago. Benson carries forward into its new year £7m of tax losses.

The main thrust to increased profits came from the engineered components division, but the performance of the environmental control and vehicle engineering divisions was sluggish.

During the current year, this pattern is likely to be repeated although Mr Phillips said he expected margins would improve in the environmental control and vehicle engineering divisions.

He noted that the group was not heavily exposed to continental European markets.

Since the year end, Benson has sold Wolverhampton Pressings to Ralph Martindale for £450,000.

NEWS DIGEST

Seacon reduced to £818,000

A DROP in pre-tax profits, from £1.05m to £318,000, was announced by Seacon Holdings, the USM-quoted shipping and distribution group, for the half year to March 31.

Mr Chris Ruth, chairman, said that trade in the second half had so far shown signs of improvement. He said that following an initial bedding-in period this modernisation of the fleet would increase profitability.

There was an upturn in steel imports in late February which had been maintained, but it came too late to affect the half year result.

Turnover fell from £9.52m to £9.09m and there were reduced operating profits of £472,000 (£668,000). Earnings per share fell to 5.82p (7.34p) basic and 5.49p (6.88p) fully diluted.

The interim dividend is lifted to 2.3p (2p).

Foreign & Colonial Special Utilities

The recent share placing and offer by Foreign & Colonial

Special Utilities Investment Trust was 2.81 times oversubscribed.

Applications worth an aggregate of £36.1m were received for shares worth £12.5m.

Following the oversubscription, the maximum number of income shares and capital shares, 50m in each case, will be issued, representing gross proceeds of £50m.

Applications were received for 28.8m income shares, 3.95m capital shares and 16.2m package units, with commitments for 37.5m income shares and 37.5m capital shares.

Rally at Campbell & Armstrong

Campbell & Armstrong, the shop and office fitting group, returned to the black in the three months to June 30.

The Manchester-based group has changed its financial year-end from March to December to "balance the seasonal influences of activities over the two halves".

Pre-tax profits of £81,000 compared with losses of £53,000 last time and a deficit of £3.65m for the last full year.

Mr Ray Chambers, chairman, attributed the recovery to reduced overheads and the disposal or closure of those businesses judged incapable of making a positive contribution.

Current order books were improving in shopfitting and manufacturing operations, but remained under pressure in construction activities, Mr Chambers said.

Turnover amounted to £13.8m, up from £12.6m which included a contribution of £442,000 from discontinued operations.

Earnings per share emerged at 0.6p (losses of 3.8p).

The group did not declare an interim dividend.

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Current order books were improving in shopfitting and manufacturing operations, but remained under pressure in construction activities, Mr Chambers said.

Samuel Heath 17% ahead to £361,000

Samuel Heath & Sons, the hardware and gift maker, lifted pre-tax profits by 17 per cent from £308,000 to £361,000 in the year ended March 31.

Turnover slipped to £7.08m (£7.1m). Earnings advanced to 8.5p (7.3p) per share and the dividend is maintained at 5.5p via an unchanged final of 4p.

Alliance Trust lifts net assets to £18.46p

Alliance Trust had a net asset value of £18.46p per stock unit at July 31 1993.

The figure compared with values of £17.75p at the investment trust's January year-end and £14.48p at end-July 1992.

After the preference dividend, attributable revenue for the six month period amounted to £12.1m, up from £11.5m, for earnings ahead to 24.1p (22.74p) per stock unit.

The interim dividend is lifted 0.5p to 14.5p; directors also anticipate some increase in the final dividend, set last time at 31p.

The result was achieved by close attention to margins, overheads and stock levels, the company said.

Profit for the first half was £238,000 (£238,000) on turnover slightly lower at £6.76m to £6.74m.

Earnings per share came out at 6.3p (5.2p) and there will be an increased interim dividend of 1.6p (1.125p).

The result was achieved by close attention to margins, overheads and stock levels, the company said.

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Notice to the Holders of

ICN Pharmaceuticals, Inc.

6 3/4% Convertible Subordinated Bonds Due 2001

NOTICE IS HEREBY GIVEN, pursuant to the Indenture, dated as of October 30, 1986 (the "Indenture") between ICN Pharmaceuticals, Inc. (the "Company") and Citibank, N.A., as Trustee, relating to the Company's 6 3/4% Convertible Subordinated Bonds Due 2001 (the "Bonds"), that holders of the Bonds may, at their option and in accordance with the terms of the Indenture, elect to have the Company redeem their Bonds as a whole or in part, as described below under the heading "Exercise of Option to Elect Redemption" on October 30, 1993, (the "Redemption Date"), at a Redemption Price of 100% of the principal amount to be redeemed plus interest accrued to the Redemption Date.

Notwithstanding the redemption of any Bonds, interest payable on October 30, 1993 will be paid in the normal manner.

Exercise of Option to Elect Redemption. For Bonds to be redeemed at the election of a holder, the Company must receive, at an appropriate office of one of the paying and conversions agents listed below the Bonds to be redeemed (together with all appurtenant coupons maturing after the Redemption Date in the case of Bonds), accompanied by a written notice to the Company substantially in the form provided on the reverse side of such Bond, on or after August 31, 1993 and until and including, but not after, the close of business on September 30, 1993.

Bonds may be redeemed, as a whole or in part, in increments of U.S. \$1,000. If any Bonds surrendered for redemption are not accompanied by all appurtenant coupons maturing after the Redemption Date, the amount of any such missing coupons will be deducted from the Redemption Price otherwise payable. No payment with respect to any Bonds surrendered will be made at the corporate trust office of the Trustee or any other paying agency maintained by the Company in the United States or by check mailed to an address in the United States or by transfer to an account in the United States.

Exercise of the option to elect redemption is irrevocable, except as described below under the heading "Right of Conversion".

Right of Conversion. Holders of Bonds who give such notice of election of redemption will retain the right to convert such Bonds into ICN Pharmaceuticals, Inc. Common Stock ("Common Stock"), provided that written notice to such effect and the holder's nontransferable receipt of deposit from the paying and conversion agent representing such Bonds are delivered to the paying and conversion agent holding Bonds at or prior to the close of business on October 30, 1993, and the requirements of the Indenture relating to conversion are met. In the event such Bonds are converted on (but not prior to) October 30, 1993, the holder will be entitled to receive the interest payable on such Bonds on such date.

The Bonds may be converted into shares of Common Stock at the Conversion Price of U.S. \$20.68 in the aggregate principal of Bonds for each share of Common Stock.

Paying and Conversion Agents. The paying and conversion agents to which Bonds are delivered and Registered Bonds may be surrendered for redemption or conversion are listed below. Any questions with respect to the procedures for redemption or conversion should be directed to an appropriate agent.

Citibank, N.A.
New Mainzer Strasse 40/42
D-6000 Frankfurt/Main 1
Federal Republic of Germany

Citibank, N.A.
Avenue de Tervuren, 349
B-1150 Brussels
Belgium

Citibank Investment Bank (Switzerland)
Bahnhofstrasse 63
P.O. Box 244
CH-8021 Zurich
Switzerland

Citibank, N.A.
Corporate Trust Services
111 Wall Street, 5th Floor
New York, NY 10043
United States ("Trustee")

Citibank (Luxembourg) S.A.
16, Avenue Marie Theres
Luxembourg
Grand Duchy of Luxembourg

Citibank, N.A.
Citibank House
336 Strand
London WC2R 1HB
England

Citibank (Luxembourg) S.A.
16, Avenue Marie Theres
Luxembourg
Grand Duchy of Luxembourg

Registered Bonds:
Citibank, N.A.
Avenue de Tervuren, 349
B-1150 Brussels
Belgium

Citibank Investment Bank (Switzerland)
Bahnhofstrasse 63
P.O. Box 244
CH-8021 Zurich
Switzerland

August 17, 1993

ICN Pharmaceuticals, Inc.

As of January 1, 1993, withholding of 31% of gross proceeds and of any interest payments made within the United States may be required by the Internal Revenue Code of 1986, as amended by the Energy Policy Act of 1992, unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

EUROFIMA

FRF 100,000,000
7 7/8% BONDS
DUE 1994

Notice is hereby given that in accordance with the Terms and Conditions of the Bonds, paragraph "Purchase, Redemption and Optional Prepayment", the Issuer has elected to redeem anticipatively all of the outstanding Bonds on October 7, 1993 at a redemption price equal to 100.5% of the principal amount thereof.

The Bonds should be surrendered and surrendered together with coupon due October 7, 1993 attached. On and after October 7, 1993 the Bonds will no longer be outstanding and interest thereon shall cease to accrue.

The Principal Paying Agent SOGENAL SOCIETE GENERALE GROUP
15, Avenue Emile Reuter
Luxembourg

DAEJAN HOLDINGS P.L.C.

The Chairman, Mr B. S. E. Freshwater, reports:

- A further years' satisfactory results and confidence in the Group's future
- Investment property values maintained
- 8% increase in dividend

Year ended 31 March	1993	1992
Net Profits After Tax (FRS3 basis)	£13.2m	£8.6m
Dividends Per Share	27.0p	25.0p

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The Financial Times plans to publish a Survey on

PERU

on Wednesday September 29th 1993

Peru has embarked on a bold policy of stabilising and deregulating the economy. The Survey will, among other topics, assess the main industry sectors; including mining and fishing; spotlight the far reaching privatisation programme; and highlight the potential for future growth in tourism.

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UK facing free trade 'quagmire'

By Alison Maitland

NORTHERN FOODS, the UK food manufacturer, says "a quagmire" will result from the replacement of the Milk Marketing Board by a "monopoly broker", when the milk industry in England and Wales is opened to competition next year.

In a paper on the market, Northern Foods points out that Milk Marque, the MMB's successor, will have a dominant position but no processing facilities, given the planned flotation of Dairy Crest, the MMB's trading arm.

Therefore the imbalance between supply and demand during the year might tempt Milk Marque to do special deals with milk processors, says the food group, whose Northern Milk Partnership run jointly with dairy farmers, is also looking at Milk

Mr. Neil Davidson, group executive in charge of milk policy at Northern Foods, points out that for 10 months of the year there is not enough milk left over, once fresh market

demand is satisfied, to use of all the processing capacity available to convert it into cheese, butter or skimmed milk. But the opposite is true twice a year - in the spring and over Christmas and New Year - when excess milk sup-

If these processors insist on fixed quantities of milk at special prices in return for accommodating Milk Marque at its most vulnerable time, this would run counter to the need for Milk Marque to be open

The same would be true, he argues, if Milk Marque offered processors of fresh milk products special deals in order to overcome potential dissatisfac-

"All of this amounts to a quagmire which would not exist but for the presence of a morose broker," he says.

Mr Davidson also questions the justification for the MMB's claim that Milk Marque will pay UK producers among the highest prices in Europe. Some northern European milk farmers are paid more than UK producers because their milk

costs are higher and because they tend to sell their milk directly to the consumer through co-operatives, he says.

If Milk Marque did achieve such prices, he suggests, it would be "by trying to use its

monopoly muscle and the consumer would have to pay.

Close	Previous	High/Low	
832 1/2	833 1/2	834 1/4	831 1/4
832 1/2	835 1/2	833 1/2	830 0
831 3/4	834 0	830 1/2	848 0
835 0	838 1/2	834 1/4	833 0
838 0	832 1/2	836 1/4	838 0
831 0	835 1/2	837 0	834 1/2
831 1/2	833 1/2	838 0	837 1/2
838 0	839 0	832 1/4	833 1/2

Close	Previous	High/Low	
22.66	23.20	23.15	22.80
22.96	23.24	23.23	22.83
23.12	23.34	23.35	23.00
23.34	23.66	23.64	23.21
23.48	23.66	23.61	23.35
23.68	23.82	23.75	23.50
23.71	23.92	23.9	

23.68	23.82	23.60	23.90
23.62	23.82	23.71	23.55
URBAN MEAL, 100 tons, 5-ton			
Close	Previous	High/Low	
214.2	214.4	218.7	213.2
211.0	211.1	218.7	209.0
208.5	208.8	211.3	207.5
207.3	208.2	218.2	208.5
205.3	207.5	208.0	208.2
205.7	209.3		

COTTONFIBRE 50/50, 16 MILS, COMB 40/60 bales				
	Close	Prevclose	High/Low	
Aug	652.0	653.0	650.4	651.0
Aug	652.2	653.0	650.0	651.5
Nov	651.4	654.0	650.0	653.0
Jan	653.0	654.0	652.4	654.0
Mar	653.0	653.2	650.4	653.0
Apr	651.0	653.2	650.0	653.0
Jul	651.4	653.0	650.0	653.0
Oct	653.0	653.0	652.4	653.0
COTTONYARN COT 60,000 lbs; cents/lb				
	Close	Prevclose	High/Low	
Aug	22.85	23.00	23.15	22.80
Aug	22.96	23.24	23.25	22.80
Dec	23.12	23.34	23.25	23.00
Feb	23.12	23.34	23.34	23.12
Jan	23.48	23.60	23.61	23.35
Mar	23.48	23.60	23.75	23.35
Apr	23.20	23.62	23.70	23.35
Jul	23.65	23.82	23.71	23.60
Oct	23.65	23.82	23.71	23.60
COTTONYARN METAL 100 bales; 80/20				

Close

	Low	Prev	High	Low	Prev	High
Dep	214.2	214.4	218.7	219.3		
Rep	217.1	218.1	218.7	217.5		
Dep	208.5	208.7	211.3	207.5		
Rep	207.3	208.2	210.2	208.8		
Dep	207.5	207.9	209.5	208.5		
Rep	207.3	208.5	207.7	207.0		
Dep	206.4	206.4	206.4	206.4		
MAIZE 5,000 by mrc cent/50lb bushel						
	Dep	Prev	High	Low	Prev	High
Dep	239.4	238.8	238.8	239.0		
Rep	241.0	244.2	244.0	240.6		
Dep	242.2	251.0	249.0	247.4		
Rep	242.0	251.0	249.0	247.4		
Dep	242.0	250.2	257.0	250.0		
Rep	242.0	250.2	257.0	250.0		
Dep	242.0	242.4	242.0	242.0		
WHEAT 5,000 by mrc cent/50lb bushel						
	Dep	Prev	High	Low	Prev	High
Dep	316.2	307.0	313.0	305.2		
Rep	318.4	310.0	323.0	313.0		
Dep	314.2	317.4	324.0	316.0		
Rep	314.2	317.4	324.0	316.0		
Dep	307.4	309.0	305.4	304.8		
Rep	307.4	309.0	305.4	304.8		
Dep	307.4	307.4	307.4	307.4		
Rep	307.4	307.4	307.4	307.4		
RICE 25,000 by mrc cent/50lb bushel						
	Dep	Prev	High	Low	Prev	High
Dep	216.4	216.0	216.0	216.0		
Rep	216.4	216.0	216.0	216.0		

Class.	Count	Percentage
1	1	100.00
2	1	100.00
3	1	100.00
4	1	100.00
5	1	100.00
6	1	100.00
7	1	100.00
8	1	100.00
9	1	100.00
10	1	100.00
11	1	100.00
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96	1	100.00
97	1	100.00
98	1	100.00
99	1	100.00
100	1	100.00

	74.500	74.750	75.175	74.075
74.500	74.750	74.900	74.125	
74.750	74.900	75.125	74.375	
75.000	75.125	75.375	74.625	
75.250	75.375	75.625	74.875	
75.500	75.625	75.875	75.125	
75.750	75.875	76.125	75.375	
76.000	76.125	76.375	75.625	
76.250	76.375	76.625	75.875	
76.500	76.625	76.875	76.125	
76.750	76.875	77.125	76.375	
77.000	77.125	77.375	76.625	
77.250	77.375	77.625	76.875	
77.500	77.625	77.875	77.125	
77.750	77.875	78.125	77.375	
78.000	78.125	78.375	77.625	
78.250	78.375	78.625	77.875	
78.500	78.625	78.875	78.125	
78.750	78.875	79.125	78.375	
79.000	79.125	79.375	78.625	
79.250	79.375	79.625	78.875	
79.500	79.625	79.875	79.125	
79.750	79.875	80.125	79.375	
80.000	80.125	80.375	79.625	
80.250	80.375	80.625	79.875	
80.500	80.625	80.875	80.125	
80.750	80.875	81.125	80.375	
81.000	81.125	81.375	80.625	
81.250	81.375	81.625	80.875	
81.500	81.625	81.875	81.125	
81.750	81.875	82.125	81.375	
82.000	82.125	82.375	81.625	
82.250	82.375	82.625	81.875	
82.500	82.625	82.875	82.125	
82.750	82.875	83.125	82.375	
83.000	83.125	83.375	82.625	
83.250	83.375	83.625	82.875	
83.500	83.625	83.875	83.125	
83.750	83.875	84.125	83.375	
84.000	84.125	84.375	83.625	
84.250	84.375	84.625	83.875	
84.500	84.625	84.875	84.125	
84.750	84.875	85.125	84.375	
85.000	85.125	85.375	84.625	
85.250	85.375	85.625	84.875	
85.500	85.625	85.875	85.125	
85.750	85.875	86.125	85.375	
86.000	86.125	86.375	85.625	
86.250	86.375	86.625	85.875	
86.500	86.625	86.875	86.125	
86.750	86.875	87.125	86.375	
87.000	87.125	87.375	86.625	
87.250	87.375	87.625	86.875	
87.500	87.625	87.875	87.125	
87.750	87.875	88.125	87.375	
88.000	88.125	88.375	87.625	
88.250	88.375	88.625	87.875	
88.500	88.625	88.875	88.125	
88.750	88.875	89.125	88.375	
89.000	89.125	89.375	88.625	
89.250	89.375	89.625	88.875	
89.500	89.625	89.875	89.125	
89.750	89.875	90.125	89.375	
90.000	90.125	90.375	89.625	
90.250	90.375	90.625	89.875	
90.500	90.625	90.875	90.125	
90.750	90.875	91.125	90.375	
91.000	91.125	91.375	90.625	
91.250	91.375	91.625	90.875	
91.500	91.625	91.875	91.125	
91.750	91.875	92.125	91.375	
92.000	92.125	92.375	91.625	
92.250	92.375	92.625	91.875	
92.500	92.625	92.875	92.125	
92.750	92.875	93.125	92.375	
93.000	93.125	93.		

INVESTMENT TRUSTS - Cont.**INVESTMENT TRUSTS - Cont.**

272	145	85	211	22	1
273	146	86	212	23	2
274	147	87	213	24	3
275	148	88	214	25	4
276	149	89	215	26	5
277	150	90	216	27	6
278	151	91	217	28	7
279	152	92	218	29	8
280	153	93	219	30	9
281	154	94	220	31	10
282	155	95	221	32	11
283	156	96	222	33	12
284	157	97	223	34	13
285	158	98	224	35	14
286	159	99	225	36	15
287	160	100	226	37	16
288	161	101	227	38	17
289	162	102	228	39	18
290	163	103	229	40	19
291	164	104	230	41	20
292	165	105	231	42	21
293	166	106	232	43	22
294	167	107	233	44	23
295	168	108	234	45	24
296	169	109	235	46	25
297	170	110	236	47	26
298	171	111	237	48	27
299	172	112	238	49	28
300	173	113	239	50	29
301	174	114	240	51	30
302	175	115	241	52	31
303	176	116	242	53	32
304	177	117	243	54	33
305	178	118	244	55	34
306	179	119	245	56	35
307	180	120	246	57	36
308	181	121	247	58	37
309	182	122	248	59	38
310	183	123	249	60	39
311	184	124	250	61	40
312	185	125	251	62	41
313	186	126	252	63	42
314	187	127	253	64	43
315	188	128	254	65	44
316	189	129	255	66	45
317	190	130	256	67	46
318	191	131	257	68	47
319	192	132	258	69	48
320	193	133	259	70	49
321	194	134	260	71	50
322	195	135	261	72	51
323	196	136	262	73	52
324	197	137	263	74	53
325	198	138	264	75	54
326	199	139	265	76	55
327	200	140	266	77	56
328	201	141	267	78	57
329	202	142	268	79	58
330	203	143	269	80	59
331	204	144	270	81	60
332	205	145	271	82	61
333	206	146	272	83	62
334	207	147	273	84	63
335	208	148	274	85	64
336	209	149	275	86	65
337	210	150	276	87	66
338	211	151	277	88	67
339	212	152	278	89	68
340	213	153	279	90	69
341	214	154	280	91	70
342	215	155	281	92	71
343	216	156	282	93	72
344	217	157	283	94	73
345	218	158	284	95	74
346	219	159	285	96	75
347	220	160	286	97	76
348	221	161	287	98	77
349	222	162	288	99	78
350	223	163	289	100	79

Warrant _____
Circuit Court _____

94	73	10.2	100.5	14
205	126	3.6	103.5	1
27	77	3.6	103.5	1
30	70	1.4	100.5	20
14	47	4	139.5	5
140	124	4.8	139.5	5
140	87.4	11.0	110.5	5

Johnson Fry Oil.....	54	114	114
Johnson Fry Oil.....	54	114	114

[illegible]

2000-1999	28	41	77
Package Deal	140	—	140
2000-1999	100	—	100

[illegible]

1. The first group of variables includes the following:

79	18	-	15.1	14.6
80	18	1	16.4	15.2
81	18	2	18.1	16.3
82	18	3	19.7	18.0
83	18	4	21.3	19.7
84	18	5	22.9	21.4
85	18	6	24.5	23.0
86	18	7	26.1	24.6
87	18	8	27.7	26.2
88	18	9	29.3	27.8
89	18	10	30.9	29.4
90	18	11	32.5	31.0
91	18	12	34.1	32.6
92	18	13	35.7	34.2
93	18	14	37.3	35.8
94	18	15	38.9	37.4
95	18	16	40.5	39.0
96	18	17	42.1	40.6
97	18	18	43.7	42.2
98	18	19	45.3	43.8
99	18	20	46.9	45.4
100	18	21	48.5	47.0
101	18	22	50.1	48.6
102	18	23	51.7	50.2
103	18	24	53.3	51.8
104	18	25	54.9	53.4
105	18	26	56.5	55.0
106	18	27	58.1	56.6
107	18	28	59.7	58.2
108	18	29	61.3	59.8
109	18	30	62.9	61.4
110	18	31	64.5	63.0
111	18	32	66.1	64.6
112	18	33	67.7	66.2
113	18	34	69.3	67.8
114	18	35	70.9	69.4
115	18	36	72.5	71.0
116	18	37	74.1	72.6
117	18	38	75.7	74.2
118	18	39	77.3	75.8
119	18	40	78.9	77.4
120	18	41	80.5	79.0
121	18	42	82.1	80.6
122	18	43	83.7	82.2
123	18	44	85.3	83.8
124	18	45	86.9	85.4
125	18	46	88.5	87.0
126	18	47	90.1	88.6
127	18	48	91.7	90.2
128	18	49	93.3	91.8
129	18	50	94.9	93.4
130	18	51	96.5	95.0
131	18	52	98.1	96.6
132	18	53	99.7	98.2
133	18	54	101.3	99.8
134	18	55	102.9	101.4
135	18	56	104.5	103.0
136	18	57	106.1	104.6
137	18	58	107.7	106.2
138	18	59	109.3	107.8
139	18	60	110.9	109.4
140	18	61	112.5	111.0
141	18	62	114.1	112.6
142	18	63	115.7	114.2
143	18	64	117.3	115.8
144	18	65	118.9	117.4
145	18	66	120.5	119.0
146	18	67	122.1	120.6
147	18	68	123.7	122.2
148	18	69	125.3	123.8
149	18	70	126.9	125.4
150	18	71	128.5	127.0
151	18	72	130.1	128.6
152	18	73	131.7	130.2
153	18	74	133.3	131.8
154	18	75	134.9	133.4
155	18	76	136.5	135.0
156	18	77	138.1	136.6
157	18	78	139.7	138.2
158	18	79	141.3	139.8
159	18	80	142.9	141.4
160	18	81	144.5	143.0
161	18	82	146.1	144.6
162	18	83	147.7	146.2
163	18	84	149.3	147.8
164	18	85	150.9	149.4
165	18	86	152.5	151.0
166	18	87	154.1	152.6
167	18	88	155.7	154.2
168	18	89	157.3	155.8

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	Change	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	59
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AUTHORISED UNIT TRUSTS

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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Compiled with the assistance of Lautro SS

Quick reference to the last column of the FT Managed Funds Service.

Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

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Lazard Freres & Co Ltd (120000)									
London	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Paris	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Geneva	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Basel	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Brussels	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Amsterdam	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Frankfurt	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Berlin	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Munich	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Vienna	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Stockholm	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Copenhagen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Helsinki	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Tallinn	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Riga	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Vilnius	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Warsaw	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Budapest	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Prague	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Bratislava	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Belgrade	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sofia	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Bucharest	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cluj	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Iasi	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Timisoara	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Galati	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Constanta	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Meerut	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Delhi	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Calcutta	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Bombay	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Madras	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Chennai	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Coimbatore	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hyderabad	100.00	100.00	10						

INSURANCES

OTHER UK UNIT TRUSTS

	Old Pool	New Pool	+ or -	Yield Group
1	100	100	0	1
2	100	100	0	1
3	100	100	0	1
4	100	100	0	1
5	100	100	0	1
6	100	100	0	1
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8	100	100	0	1
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84	100	100	0	1
85	100	100	0	1
86	100	100	0	1

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FT MANAGED FUNDS SERVICE

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fears of capital controls

EUROPEAN exchange rate movements were comparatively calm yesterday because of the mid-August holiday in some centres, but several currency analysts spoke of concern about the prospect of capital controls being introduced on the continent, writes James Blyth.

The French franc weakened by about a centime at the start of yesterday's trading, piercing the FF3.54 level to the D-Mark. It later closed at FF3.544. The Danish krone traded comparatively calmly, closing at DKR4.1311, having been at DKR4.1596 earlier in the day.

Despite the first trading in European currencies, some analysts said that they had been deluged with calls from US and Asian customers who were concerned about the prospect of capital controls being re-introduced in Europe.

They said that alarm had been raised by President Francois Mitterrand's comments at the weekend, talking about the need to fight "plots of money".

This followed comments last week from the French and Belgian governments about the need to control capital flows.

One analyst said yesterday: "I can never remember a time

when I have received so many calls in one day on a single issue."

Mr Steve Hannah, chief economist at IRI International in London, said that the re-imposition of capital controls was extremely unlikely. But the move, he said, would bring such a strong downturn in European asset markets that investors might hedge their positions in any case.

Sterling performed quite strongly against the D-Mark, gaining half a pence to close at DM2.5025.

The pound has lost about 2 percentage points on its trade-weighted index in the last week amid speculation that Britain would cut interest rates. But, according to one analyst, a 1 percentage point cut in UK interest rates has now been fully priced into the market.

The dollar weakened sharply against the D-Mark yesterday afternoon in Europe, dropping at one stage to a low of

DM1.6845. It later closed in London at DM1.6865, nearly 2½ pence down on the day.

Some dealers were mystified by the move, coming after July's industrial output figures which showed an expected monthly rise of 0.4 per cent.

Others said it was a delayed reaction to the dollar's weakness against the yen, which continued yesterday. Despite heavy intervention from the Bank of Japan, the yen climbed to a new post-war high of ¥100.80 against the dollar at the start of European trading. It later fell back to close at ¥101.05. But there was little doubt that the Japanese currency would reach the ¥100 level before too long.

Some analysts expressed surprise that the yen was climbing so far despite talk of a cut in the Japanese discount rate and a lethargic economic activity. In the past week, Japanese call money has fallen from 3½ per cent to 3 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Daily	% Weekly	% Monthly
Belgium	100	36.3636	0.00	0.00	0.00	0.00
France	100	65.4930	0.00	0.00	0.00	0.00
Germany	100	1.9363	0.00	0.00	0.00	0.00
Italy	100	2.3636	0.00	0.00	0.00	0.00
Netherlands	100	2.2037	0.00	0.00	0.00	0.00
Spain	100	166.6667	0.00	0.00	0.00	0.00
UK	100	1.9363	0.00	0.00	0.00	0.00
Denmark	100	1.3636	0.00	0.00	0.00	0.00
Portugal	100	200.0000	0.00	0.00	0.00	0.00
Greece	100	340.7500	0.00	0.00	0.00	0.00
Ireland	100	7.8756	0.00	0.00	0.00	0.00
Finland	100	5.9457	0.00	0.00	0.00	0.00
Austria	100	13.7603	0.00	0.00	0.00	0.00
Switzerland	100	1.9363	0.00	0.00	0.00	0.00
Sweden	100	1.3636	0.00	0.00	0.00	0.00
Norway	100	1.3636	0.00	0.00	0.00	0.00
Japan	100	1.3636	0.00	0.00	0.00	0.00

Source: European Central Bank. Rates are for 100 units of the local currency against 100 units of the D-Mark.

Forward rates are for 12 months. All rates are subject to change without notice.

Percentages are based on the previous day's closing rate.

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FINANCIAL FUTURES AND OPTIONS

Life Euro Short Futures Options
Life Euro Long Futures Options

Price	2-sep	2-sep	2-sep	2-sep	5-sep	5-sep	5-sep
111	2.07	2.48	1.03	9475	0.62	0.96	0.62
112	1.17	0.86	0.16	9500	0.62	0.93	0.63
114	0.40	1.41	0.38	9525	0.15	0.51	0.06
116	0.15	1.15	1.13	9550	0.04	0.31	0.18
115	0.05	0.58	2.03	9570	0.07	0.18	0.42
116	0.01	0.42	2.63	9600	0.01	0.08	0.56
117	0	0.30	3.82	9625	0	0.04	0.93
118	0	0.21	4.52	9650	0	0.02	1.16
Estimated volume total, Calls 4598 Put 2237							
Previous day's open int, Calls 7379 Put 7040							
Estimated volume total, Calls 0 Put 0							
Previous day's open int, Calls 0 Put 0							

CANADA

CANADA

Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg
TORONTO																	
4 pm CDSR August 16																	
Quotations in US cents rounded 5																	
21970	Abniti Pl	\$15 1/2	12 1/2	12 1/2	-1/2	25920	Deere A	\$24 1/2	24 1/2	24 1/2	0	11680	Scoti Can	\$7 1/2	7	7	7
10250	Affrica	\$13 1/2	12 1/2	12 1/2	-1/2	26200	Dorco	\$24 1/2	24 1/2	24 1/2	0	10945	Shelcan A	\$35 1/2	35 1/2	35 1/2	0
21540	Alcan A	\$12 1/2	12 1/2	12 1/2	0	26300	Emco	\$16 1/2	16 1/2	16 1/2	0	29405	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
13048	Affrica	\$13 1/2	12 1/2	12 1/2	-1/2	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	51200	Sherrill C	\$13 1/2	13 1/2	13 1/2	0
3134	Alcan A	\$12 1/2	12 1/2	12 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	41997	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
32680	Alcan A	\$12 1/2	12 1/2	12 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	36508	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
199480	Alcan A	\$12 1/2	12 1/2	12 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	30444	Sherrill C	\$17 1/2	17 1/2	17 1/2	0
500	Alcan A	\$12 1/2	12 1/2	12 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	18028	Sherrill C	\$17 1/2	17 1/2	17 1/2	0
183293	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	19717	Sherrill C	\$30 1/2	30 1/2	30 1/2	0
87124	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	504949	Tacomin	\$13 1/2	13 1/2	13 1/2	0
23962	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
12072	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
600	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
11076	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
72933	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
49345	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
263656	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
19450	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
2732	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
8056	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16									
3000	Bt Almont	\$21 1/2	21 1/2	21 1/2	0	23200	Emco	\$16 1/2	16 1/2	16 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
153797	CAE Int	\$5 1/2	5 1/2	5 1/2	0	4900	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	11680	Scoti Can	\$7 1/2	7	7	7
387360	CAE Int	\$5 1/2	5 1/2	5 1/2	0	4900	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10945	Shelcan A	\$35 1/2	35 1/2	35 1/2	0
49800	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	29405	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
40880	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	51200	Sherrill C	\$13 1/2	13 1/2	13 1/2	0
119243	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	41997	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
127006	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	36508	Sherrill C	\$19 1/2	19 1/2	19 1/2	0
110	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	30444	Sherrill C	\$17 1/2	17 1/2	17 1/2	0
23962	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	18028	Sherrill C	\$17 1/2	17 1/2	17 1/2	0
100	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	19717	Sherrill C	\$30 1/2	30 1/2	30 1/2	0
100	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	504949	Tacomin	\$13 1/2	13 1/2	13 1/2	0
34583	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
110	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4500	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4500	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
600	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
11000	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
600	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
2000	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
50	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
701	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2	13 1/2	13 1/2	0
4450	Cambridge	\$15 1/2	15 1/2	15 1/2	0	13788	Harley Davidson	\$5 1/2	5 1/2	5 1/2	0	10914	Tacomin	\$13 1/2			

Telcelmex	4,440,600	35	+ 2	New York SE	212,702	272,864	256,135
Mack	3,600,000	28	- 1/2	Arena	18,357	20,696	21,128
Baxter Int.	3,400,000	24	- 1/4	MEDCO	94	211,297	231,870
T-2 Medical	3,350,700	7	- 1/2	NICE			
Cobalt	2,271,000	28 1/2	+	Isuzu Traded	2,576	2,622	2,587
K Mart	2,152,500	22 1/2	+	Races	1,015	846	1,068
Brooks Myers	2,098,400	52 1/2	+	Fallo	1,075	1,075	961
Whiteway	1,950,200	15	---	Unclashed	691	701	699
Capital Star	1,911,200	4 1/2	+ 1/2	New Hgts	117	143	155
Gon Motors	1,875,700	45 1/2	+ 1/2	New Lows	37	42	44

CANADA TORONTO						
	Aug 13	Aug 12	Aug 11	Aug 10	HIGH 1993	LOW
Metals & Minerals	3125.18	3125.24	3125.68	3118.63	3126.24 (11/3)	2743.31 (2/11)
Oreminerals	4014.62	4006.00	4013.69	4032.44	4028.44 (1/8)	3275.80 (2/1)
MONTREAL, Portfolio	1912.56	1909.01	1910.45	1921.50	1939.10 (2/5)	1730.47 (2/1)

These values of all indices are 100 except NYSE All Common - 32; Standard and Poor's - 10; and Toronto Composite and Index - 1000. Toronto includes listed 1978 and Montreal Portfolio 4/1/82. Excluding bonds, S&P Industrial, plus Utilities, Financial and Transportation, (G) Consumer, (U) Unleveraged, (S) Dividend Yield. Includes international data by major index. The highest and lowest prices recorded during the day by each stock, whereas the actual day's high and low supplied by Toronto represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). Subject to official recalculation.

PHILIPPINES							
Manila Comp (2/1/93)	1763.06	1759.66	1751.89	1742.87	1783.32 (3/8)	1570.68 (4/1)	
SINGAPORE							
SEI All-Share (2/4/78)	485.66	487.84	493.01	482.89	487.64 (1/3)	354.18 (1/31)	
SOUTH AFRICA							
JSE Bank (2/8/79)	1747.09	1867.04	1768.18	1918.08	2098.00 (3/8)	1758.00 (5/7)	
JSE Industrials (2/9/79)	4528.09	4237.54	4572.00	4569.10	4719.00 (6/7)	3333.00 (1/24)	
SOUTH KOREA**							
Korea Corp EL (4/7/89)	891.67	893.57	775.94	773.66	777.25 (4/6)	695.53 (4/9)	
SPAIN							
Muthy SE (2/1/79)	321	281.23	378.45	374.18	391.22 (1/3)	215.00 (4/11)	
SWEDEN							
Wolmsholm AB (2/23/71)	1285.08	1283.15	1287.11	1280.13	1293.30 (1/3)	859.19 (2/11)	
SWITZERLAND							
Swiss Bank Int. (2/12/58)	1083.11	1063.04	1050.10	1045.10	1068.10 (6/6)	904.80 (1/1)	
SCS General (1/4/87)	454.09	464.6	463.6	532.2	650.50 (1/6)	673.70 (1/11)	
THAILAND							
Thai Airways (2/3/66)	411.08	412.12	414.07	415.04	5013.28 (2/1)	3088.53 (3/1)	
THAILAND							
Maple Ind (2/4/77)	354.29	364.62	361	363.17	396.44 (7/5)	118.84 (1/4)	
UNITED STATES							
WORLD							
M.S. Credit Ind (1/7/79)	5	355.3	590.4	596.1	593.30 (6/9)	489.60 (1/31)	
US Top-100 (2/6/93)	1167.42	1165.51	1165.36	1099.45	1107.43 (6/19)	882.72 (1/4)	
*Currency Report by J.P. Morgan & Co. 4/27/93							
** Based on 100 yen							

Some values of all indices are 100 except Accanto Traded, BEL20, VEX Gen, MIB Gen, CMCX Gen, Top-100, ESD General and DOW 1000. All rates - 250.7, SE 25 indexation - 254.7 and Accanto 100 Ordinary and Mining - 300. All others all 1000000

TOKYO - Most Active Stocks Monday, August 16, 1993							
	Stocks Traded	Closing Price	Change on day		Stocks Traded	Closing Price	Change on day
OHG Elec	6.0m	5.53	+15	Nihon Sec	3.5m	1,540	+10
Tohoku Corp	6.0m	633	+8	Yokohama Ind	1.5m	977	+43
Nippon Steel	6.0m	382	+	Fukuda	3.5m	785	---
Nishi Nyoco	2.0m	551	+	Chiyoda Oil	3.0m	340	---
Nissin OH	2.0m	1,030	+100	Nomura Sec	2.1m	382	+4

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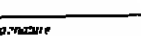
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FINANCIAL TIMES
ESTABLISHED 1788

FOR MORE THAN FINANCE.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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AMERICA

Dow peaks as telecoms deal lifts sentiment

Wall Street

US share prices jumped to record highs yesterday morning as market sentiment was boosted by news of a multi-billion-dollar merger in the telecommunications industry, writes Patrick Harper in New York.

At 1 pm, the Dow Jones Industrial Average was up 19.28 at 3,589.93. The more broadly based Standard & Poor's 500 was 3.01 higher at 453.15, while the Amex composite was up 2.11 at 441.18, and the Nasdaq composite

BRAZILIAN equities gained 6.3 per cent in heavy mid-session trading, on strong buying in Telebras, the state telecommunications group, as investors moved to liquidate positions on the options market.

The Bovespa index was up 4,816 at 77,356, with Telebras advancing nearly 8 per cent. Sentiment was also lifted by the appointment of a new finance minister.

ite up 7.04 at 725.30. Trading volume on the NYSE was 136m shares by 1 pm.

Although prices dropped at the opening, the decline was a reflection of the impact of dividend payouts on several Dow stocks. Once that had been digested, prices quickly began to appreciate across the board, aided by further declines in bond yields.

The day's big story was the news that American Telephone & Telegraph was to buy all of McCaw Cellular Communications, in a stock-swap worth \$12.6bn.

Although the development was not totally unexpected - AT&T already owns a significant stake in McCaw - the arrival of a huge corporate transaction was welcomed by equity investors.

AT&T fell 1/4 to \$61.00 on the news, while McCaw soared 5/8 to \$56 1/2 in volume of 4.5m

shares on the Nasdaq market. Lin Broadcasting, a cellular operator majority-owned by McCaw, jumped 3/8 to \$110 1/4.

Overall, prices may have been supported, too, by the day's economic news, which consisted of a 0.4 per cent rise in July industrial production and a small increase in capacity utilization from 61.3 per cent to 61.6 per cent.

Salomon climbed 3/8 to 44 3/8 after Mr Warren Buffett, the billionaire investor and former Salomon chairman, notified the government authorities that he planned to take his stake in the company, currently at 14.5 per cent, over the 15 per cent mark. Analysts said that the move was a vote of confidence in Salomon.

Aluminum Company of America led blue-chips higher, rising 3/8 to \$74 in busy trading. Other metals stocks, especially gold companies, were also firmer, with Newmont Mining up 5/8 at \$49 1/2 and Balle Mountain Gold up 1/4 at \$9 1/2.

On the Nasdaq market, Snapple Beverage climbed 3/4 to 42 1/2 after declaring a two-for-one stock split.

Canada

GOLD stocks, reflecting higher bullion prices, gave Toronto stock prices a boost in mid-session, with rise of 143.00, or 1.6 per cent in the sector index against a mere 3.75 points to 4,018.37 in the TSE 300 composite at noon.

Volume fell from 27.8m to 21.6m shares. Active stocks included Kinross Gold, up 4 cents at C\$2.95.

SOUTH AFRICA

GOLD shares resumed gains in late trading as the bullion price rallied above \$372 an ounce. The sector advanced 80 cents, or 4.8 per cent, to 1,747, while the industrial index put on 8 at 4,539. The overall index improved 29 to 3,990.

EUROPE

Opposing influences move Frankfurt bourse

THERE was a sense of hiatus among senior bourses yesterday, writes Our Markets Staff, with Paris, Madrid and Brussels closed for the Assumption Day holiday.

FRANKFURT fell back from early morning highs, the DAX index closing 5.61 higher at 1,912.19, after an early intraday peak of 1,931.38 and a gain of 2 per cent last week. Brokers said that there were some large buy orders in the pre-bourse, but no positive follow-through thereafter.

Turnover fell from DM9.4bn to DM7.8bn. In the post-bourse, the DAX index fell to 1,905.52.

Mr Hans Peter Wodnick, at James Capel in Frankfurt, said that investors were torn between thoughts of consolidation - the DAX having risen by 300 points in less than three months - and the temptation to begin speculation on a further reduction in interest rates when the Bundesbank meets on Thursday week.

Meanwhile, blue chips saw Siemens rise DM5.80 to DM64.50, having lagged behind the market recently.

In chemicals, Hoechst put on DM2.80m to DM279.80 for similar reasons; among carmakers, a DM7.30 drop in Volkswagen to DM392.30, weighed down by industrial spying allegations, was offset by a DM15 rise to DM76.50 at Daimler.

Initial interest in the department store retailer, Karstadt, took it up to DM623 at midday before it closed a modest DM3.20 higher at DM608.00 following confirmation of discussions on warehousing and distribution logistics with its competitors.

In contrast, Germany's second largest department store chain, Kaufhof, fell DM16 to DM549 on switch considerations.

Meanwhile, Lufthansa continued its climb, rising DM3.20 to DM151.50 after its management board chairman, Mr Jürgen Weber, said that the air-

FT-SE Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1276.57	1278.14	1276.81	1275.98	1276.14	1277.04	1275.70	1276.32
FT-SE Eurotrack 200	1359.33	1359.61	1358.42	1357.15	1357.15	1358.02	1356.02	1356.35

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9
FT-SE Eurotrack 100	1276.24	1280.64	1274.70	1261.60	1269.85
FT-SE Eurotrack 200	1354.67	1359.28	1354.98	1348.51	1352.97

Low value 1000 (25/10/92) High/Low: 100 - 1274.02/200 - 1351.20 Low/High: 100 - 1274.01/200 - 1351.20

line would resume paying a dividend by 1995 at the latest. ZURICH went higher following bearish James Capel notes on both fundamental and technical grounds, the SMI index rising 17.9 to 2,478.9.

Dealers said that profit-taking was always likely and that international investors could shift funds into more promising markets like Germany.

However, the market was drawn higher by Nestlé, up SF19 to SF110.68, and Roche, with the certificates SF790 higher at SF75.120.

AMSTERDAM closed unchanged in spite of some convincing gains by leading multinational groups such as Unilever, up F12.90 to F119.40, and Royal Dutch, up F1.10 to F187.40.

The CBS Tendency index finished at 127.9.

Among second liners, Frans Maas, the road transport group, shed F1.70 to F149.00 on news over the weekend that it is now forecasting lower than expected results this year.

KLM, which has a stake in the group, came off 50 cents to F136.70. Among other stocks in the transport sector, Nedlloyd lost 80 cents to F147.30 ahead

of results due later this month. MILAN saw a heavy reverse in Ferruzzi ordinary shares after Friday's 20 per cent gain, closing down 1,581.20 at 1,542.00.

Analysts remarked that dealing in the stock was now driven by the speculative activity of small investors and, as such, liable to sudden swings.

On the last day of the account, the Comit index rose 4.07 to 593.04. Montedison rose again on last week's results, by 1.34 to L772.50. Yesterday a court said that it had postponed until the end of the month a decision on whether to allow a request by the company for the seizure of 1,500bn of assets from ex-managers.

In Scandinavia, STOCKHOLM's Affärsvärlden general index eased on profit-taking, down 8.3 at L285.0 with Ericsson B shares losing SEK2 to SEK372 ahead of Thursday's half-year results.

GLO, in similar vein, saw the all-share index off 4.14 at 586.94 in turnover of NK696m.

HELSINKI closed lower also on the profit-taking theme, the HEX index down 13.4 to 1,427.9, with the banking sector off some 5 per cent.

VINNA traders said that the expiry of August derivatives added uncertainty to a market in correction as the ATX index eased 11.01 to 989.93. The August ATX future eased 15 to 388.

ISTANBUL gained 4.7 per cent and broke above 10,000 for first time since August 3. The composite index put on 458.51 to 10,199.7, following a rise of 2 per cent on Friday.

Some market observers said that the recently positive tone might be due to the expectation of fresh liquidity following the maturity of Treasury bills early next month.

WARSAW saw as 12 shares hit record highs, the bourse posting its second highest ever turnover of 619.5bn zloty (\$84m) as the WIG index gained 240.8, or 4.6 per cent to 5,422.4.

ASIA PACIFIC

Seoul rebounds as Pacific Rim sees more new highs

Tokyo

WORRIES over last week's announcement of mounting Cosmo Securities debts, due to irregular transactions, had much less of an impact on Japanese equities in the broader Tokyo market yesterday than they did in London last Friday, writes Emiko Terazono in Tokyo.

In fact, the 225-issue Nikkei average ignored Friday's after-hours fall of nearly 1 per cent in the ISE/Nikkei 50 index in London; hopes of an imminent cut in the official discount rate prompted arbitrage-linked buying and the Nikkei gained 156.32 at 20,901.49.

The Nikkei registered a day's low of 20,548.85 just after the opening, but selling ran its course during the morning session. A rise in the futures market on the Singapore International Monetary Exchange triggered arbitrage buying, pushing the index forward to register a day's

high of 20,904.69 in the late afternoon.

Volume contracted to 230m shares from 482m. Aside from arbitrageurs, investment trusts and dealers were seen buying in small lots. Advances outnumbered declines by 550 to 386, with 208 issues unchanged.

The Topix index of all first-section stocks finished 4.96 ahead at 1,893.50 after a 1.68m.40, and London's ISE/Nikkei 60 index improved 1.83 to 1,286.35.

Investors were calm over the revelations of Cosmo Securities' losses of ¥98.8bn resulting from its involvement in *tabashi*, the shuffling of investors' accounts in order to hide unrealised losses. Daiwa Bank said last Friday that it will rescue Cosmo by injecting ¥70bn to ¥80bn through a third party share allotment.

The yen's rise to a further record high, with the dollar closed ¥115 down at ¥101.25. However, the Bank of Japan's money market operations fuelled speculation of an early

discount rate cut. Mr Geoffrey Barker, an economist at Baring Securities, pointed out that five out of six discount rate cuts since 1981 were preceded by generous infusions of funds by the central bank into the money markets.

Brokers were hit by the Cosmo debacle. Nomura Securities slipped ¥20 to ¥2,500, second tier brokers such as Sanyo Securities lost ¥25 to ¥730 and New Japan Securities declined ¥19 to ¥994. Trading in Cosmo Securities was suspended for the day.

The higher yen supported oil refiners. Koa Oil jumped ¥109 to ¥1,030 and Mitsubishi Oil gained ¥10 at ¥1,080. However, export-oriented consumer electronics makers lost ground, with Matsushita Electric Industrial easing ¥10 to ¥1,360 and Sony ¥10 to ¥4,370.

In Osaka, the OSE average appreciated 27.19 to 22,772.20 in volume of 30.4m shares. Dealer buying supported retail and machinery shares. However, Nintendo, the video game

maker, retreated ¥190 to ¥9,410 on the higher yen.

Roundup

MORE NEW highs were recorded on the Pacific Rim, while South Korean equities rebounded after last week's losses.

SEOUL, which fell 4.5 per cent last Friday and another 3.9 per cent on Saturday after the government ban on trading under false or borrowed names, recovered 25 points, or 3.7 per cent, to 691.67.

Turnover expanded to Won39m from the Won27.13m seen in Saturday's half-day session. There were rumours that the government would announce measures to revive the market. But a Finance Ministry official said later that a meeting of economic ministers to discuss a bail-out would make no announcement yesterday.

HONG KONG's Hang Seng index rose 97.24, or 1.3 per cent, to a new high of 7,438.49, aided by selective buying from overseas. Turnover was HK\$4.68bn, up from Friday's HK\$4.49bn.

There was more confidence about Chinese economic prospects, and buyers were also encouraged by the strong performance of Stone Electronic, the Hong Kong arm of a collectively owned Chinese company, which ended at HK\$2.05 in its trading debut, against its offer price of HK\$1.26.

SINGAPORE saw strong gains in selected blue chips as the Straits Times Industrial index climbed 5.02 to a record 1,922.69. Singapore Press lost 50 cents to S\$12.60 in volume of 204,000 shares. Total turnover was 115.4m shares, after Friday's 117.5m.

KUALA LUMPUR balanced profit-taking against impressive results from Malaysian Banking, up 20 cents at M\$14.70. The KLSE composite index closed just 0.85 higher at 772.76.

AUSTRALIA held up well in advance of today's budget, the All Ordinaries index rising 14.8

to 1,870.7 in turnover of A\$293.1m on gains in some blue chips and a slight recovery in gold.

News Corp forged ahead 23 cents to A\$9.13 and offset a heavy fall in CSR, which lost 36 cents to A\$3.82 in early trade on adverse newspaper reports about its US asbestos court case, but recovered slightly to close at A\$3.98.

JAKARTA, closed today for Indonesia's Independence Day holiday, featured strong gains by several banks in active trading, speculating on the prospect of good half-year results as the JKSE index ended 2.07 firmer at 382.01.

Bill advanced Rp400 to Rp6,000 and Bank Duta Rp325 to Rp3,250, while Bank Danamon, LippoBank and Bank Dagang Nasional Indonesia also strengthened.

BANGKOK saw a sheaf of weak second-quarter corporate earnings reports. Investors sold near the end of the day, and the SET index shed 10.33 to 954.28 in B\$6.27bn turnover.

Norway, Finland lead European markets

MARKETS IN PERSPECTIVE									
	% change in local currency	% change in US \$	% change in US \$	% change in US \$	% change in US \$	% change in US \$	% change in US \$	% change in US \$	% change in US \$
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1993	Start of 1993	Start of 1993	Start of 1993	Start of 1993
Austria	+1.33	+10.06	+38.88	+25.58	+22.88	+18.45	+18.45	+18.45	+18.45
Belgium	+0.49	+1.24	+26.79	+21.76	+14.74	+10.61	+10.61	+10.61	+10.61
Denmark	+1.97	+5.89	+17.83	+26.62	+18.37	+14.11	+14.11	+14.11	+14.11
Finland	+6.06	+18.22	+136.92	+81.80	+66.39	+50.28	+50.28	+50.28	+50.28
France	+0.30	+0.85	+25.49	+18.50	+12.18	+8.12	+8.12	+8.12	+8.12
Germany	+1.96	+5.09	+23.32	+20.03	+20.90	+16.55	+16.55	+16.55	+16.55
Ireland	+1.79	+6.09	+41.81	+44.16	+25.54	+21.02	+21.02	+21.02	+21.02
Italy	+0.21	+5.92	+68.40	+44.58	+36.11	+31.20	+31.20	+31.20	+31.20
Netherlands	+2.23	+4.71	+26.02	+21.88	+19.95	+15.08	+15.08	+15.08	+15.08
Norway	+6.11	+11.40	+48.10	+37.23	+31.96	+27.13	+27.13	+27.13	+27.13
Spain	+3.67	+8.10	+40.74	+31.83	+10.25	+6.28	+6.28	+6.28	+6.28
Sweden	+2.96	+10.87	+56.60	+25.48	+16.27	+12.09	+12.09	+12.09	+12.09
Switzerland	+1.27	+2.79	+36.51	+20.03	+19.53	+15.22	+15.22	+15.22	+15.22
UK	+1.38	+8.56	+33.75	+7.90	+7.90	+4.02	+4.02	+4.02	+4.02
EUROPE	+1.47	+8.37	+33.12	+17.48	+14.22	+10.12	+10.12	+10.12	+10.12
Australia	+0.81	+2.70	+13.57	+15.57	+18.38	+14.11	+14.11	+14.11	+14.11
Hong Kong	+0.57	+5.00	+21.13	+32.61	+37.34	+32.39	+32.39	+32.39	+32.39
Japan	+1.55	+1.82	+48.30	+27.47	+51.54	+55.72	+55.72	+55.72	+55.72
Malaysia	+0.03	+0.90	+35.10	+35.10	+35.10	+35.10	+35.10	+35.10	+35.10
New Zealand	+2.01	+8.23	+28.39	+23.48	+37.52	+32.57	+32.57	+32.57	+32.57
Singapore	+3.06	+9.26	+41.96	+24.45	+31.62	+26.88	+26.88	+26.88	+26.88
Canada	+1.80	+2.61	+10.35	+12.09	+12.43	+8.38	+8.38	+8.38	+8.38
USA	+0.34	+0.87	+8.12	+3.38	+7.24	+3.38	+3.38	+3.38	+3.38
Mexico	+1.33	+4.15	+18.51	+1.90	+1.93	+1.74	+1.74	+1.74	+1.74
South Africa	+1.82	+3.51	+28.90	+26.44	+35.34	+30.47	+30.47	+30.47	+30.47
WORLD INDEX	+0.96	+2.62	+24.90	+14.42	+23.91	+19.48	+19.48	+19.48	+19.48

1 Based on August 13th 1993. Copyright: The Financial Times Limited, Goldman Sachs & Co. and Nikkei Securities Limited.

By John Pitt

Scandinavian equity markets showed impressive performances last week, with Norway and Finland in particular standing out. In spite of losses in Mexico, New Zealand, South Africa and Hong Kong, strength elsewhere left the FT-Actuaries world index up 1 per cent in local currency terms.

Norway and Finland have both been lifted recently by sharp cuts in domestic interest rates: as a result Oslo's all-share index put on 8 per cent over the week and Helsinki's Hex index added 4 per cent.

Mr Peter Tron, senior manager at Unibank Securities in London, said that there was noticeable evidence of foreign liquidity driving the Norwegian market last week, while the strength of the dollar also helped lift sentiment. Finland, he added, witnessed another base rate cut and investors remained confident about the prospect for corporate earnings following the depreciation of the Finnish markka.

In Sweden, results from SKF, which came in better than expectations, helped to restore confidence. A rate cut on Thursday also contributed to the Affärsvärlden index's 3.5 per cent weekly gain.

Denmark, of all the Scandinavian markets, remarked Mr Tron, shows the greatest potential for earnings growth, having so far done little to reduce interest rates since the realignment of the ERM.

He forecast a 20 per cent upside in the market's all-share index by the end of the year, coinciding with a cut in short-term interest rates from the present 12.8 per cent to 4.75 per cent by the middle of 1994.

Among other global equity markets, Mexico pulled back some of its losses earlier in the week on Friday on news that a satisfactory conclusion had been reached in negotiations on side accords to the North American Free Trade Agreement.

New Zealand, still a strong performer over the year to date, suffered from weakness in Telecom shares.

MONTEDISON

Notice of a General Meeting of shareholders

Shareholders of Montedison S.p.A. are hereby convened to attend a General Meeting of shareholders, to be held at Foro Buonaparte 31, Milan on Monday, August 30, 1993 at 11.00 A.M. (first call) and, if needed, on Wednesday, September 1, 1993 (second call), same time and place, in order to discuss and vote upon the following items on the agenda:

1. Proposal of a legal action against certain former Directors of the Company under Article 2393 of the Italian Civil Code and related resolutions.

2. Integration of the Board of Statutory Auditors.

Shareholders are entitled to attend the General Meeting if, at least five days prior to the General Meeting, they have deposited their share certificates at the Company's registered office or at one of the following financial institutions:

In Italy:

Monte Titoli S.p.A. (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Banca di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco Ambrosiano Veneto, Banca Mercantile Italiana, Banca Nazionale dell'Agricoltura, Banca Popolare di Bergamo - Credito Varesino, Banca Popolare di Milano, Banca Popolare di Novara, Banco Lariano, Cassa di Risparmio delle Provincie Lombarde, Credito Commerciale, Credito Romagnolo.

Abroad (by appointment of Italian banks according to the law):

In Switzerland:

Société de Banque Suisse - Basel and Zurich, Crédit Suisse - Zurich, Union de Banques Suisses - Zurich, Banca della Svizzera Italiana - Lugano.

In France:

Banque Nationale de Paris - Paris.

In Great Britain:

Morgan Guaranty Trust Co. - London.

In Belgium:

Banque Bruxelles Lambert - Bruxelles.

In Germany:

Deutsche Bank - Frankfurt a/Main, Dresdner Bank - Frankfurt a/Main.

In the Netherlands:

ABN-AMRO N.V. - Amsterdam and Rotterdam.

In the U.S.A.:

Bank of New York - New York.

On behalf of the Board of Directors
Guido Rossi
Chairman

Procedures to be followed by foreign shareholders:

(A) Shareholders wishing to attend must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks; if the bank where their shares are